



## **BRIKOR LIMITED**

("Brikor") or ("the Company") or ("the Group")

(Incorporated in the Republic of South Africa)

Registration number: 1998/013247/06

JSE code: BIK

ISIN: ZAE000101945

# **UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS**

**for the six months ended 31 August 2024**

**THE SPIRIT OF BRICK MAKING**

## PREPARED BY:

The unaudited condensed consolidated interim financial results ("interim financial results" or "results") for the six-month period ended 31 August 2024 were prepared by Mrs Bianca Saunders CA(SA), Financial Manager, under the supervision of Mrs Joaret Botha CA(SA), Financial Director.

# FINANCIAL INDICATORS

### REVENUE \*

INCREASED BY

18,1%

to R224,5 million

(31 Aug 2023: R190,1 million)

### EARNINGS PER SHARE \*

DECREASED BY

64,0%

to 0,9 cents per share

(31 Aug 2023: 2,5 cents per share)

### HEADLINE EARNINGS PER SHARE \*

DECREASED BY

59,3%

to 1,1 cents per share

(31 Aug 2023: 2,7 cents per share)

### TOTAL EQUITY #

INCREASED BY

6,5%

to R122,1 million

(29 Feb 2024: R114,7 million)

### CASH AND CASH EQUIVALENTS #

INCREASED BY

91,7%

to negative R0,54 million

(29 Feb 2024: negative R6,53 million)

### NET ASSET VALUE PER SHARE #

INCREASED BY

7,2%

to 14,9 cents per share

(29 Feb 2024: 13,9 cents per share)

### TANGIBLE NET ASSET VALUE PER SHARE #

INCREASED BY

10,3%

to 12,8 cents per share

(29 Feb 2024: 11,6 cents per share)

### CURRENT ASSET RATIO #

INCREASED BY

22,2%

to 1,1:1

(29 Feb 2024: 0,9:1)

### ACID TEST RATIO #

INCREASED BY

33,3%

to 0,4:1

(29 Feb 2024: 0,3:1)

\* Increase and/or decrease in financial indicators in comparison to the six-month period ended 31 August 2023.

# Increase and/or decrease in financial indicators in comparison to the balances as at 29 February 2024.



# COMMENTARY

## OVERVIEW

Brikor is a diverse manufacturer and supplier of building and construction materials used across a broad spectrum of application from low-cost housing to residential, commercial, industrial, civil engineering and infrastructure projects. The Group operates through two segments, namely Bricks and Coal (the latter being through its subsidiaries, Ilangabi Resources (Pty) Ltd and Kopanela Mining (Pty) Ltd).

The directors of Brikor Limited ("Brikor") are pleased to present the unaudited condensed consolidated interim results for the six months ended 31 August 2024, which reflect positive operating profits after taxation as well as cash generated from operations.

The Group continued to focus on its commitment to reduce risk and support sustainability for its stakeholders.

## DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the preparation of the unaudited condensed consolidated interim financial results and confirm that the financial information has been correctly extracted from the underlying financial statements.

## FINANCIAL OVERVIEW

Revenue increased to R224,5 million (H1 F2024: R190,1 million) for the reporting period, with the Group realising a profit before earnings from its associate of R5,6 million (H1 F2024: R13,1 million). The investment in associate contributed positive returns of R2,2 million (H1 F2024: R7,2 million) to the profit for the reporting period. Profit for the reporting period decreased to R7,8 million (H1 F2024: R20,2 million). The decrease in profit is attributable to a decrease in profit realised by the Coal segment as well as a decrease in return from the investment in associate.

## REVENUE

### Bricks segment

Revenue in the Bricks segment decreased by 13% to R115,2 million (H1 F2024: R132,4 million). The decrease in revenue was as a direct result of a decline in market conditions. Projects in the construction sector only started with significant off-take during June/July 2024 in comparison to the previous reporting period where projects started from March 2023.

### Coal segment

Revenue in the Coal segment increased by 89,9% to R109,3 million (H1 F2024: R57,6 million). The increase in revenue was as a result of the implementation of the Contract Mining and Coal Purchase Agreement, effective 1 November 2023. In terms of the agreement all coal mined by the service provider is also sold to the service provider and, hence, the resultant increase in revenue.

## GROSS PROFIT

Overall, gross profit decreased by 26,6% to R38,3 million (H1 F2024: R52,1 million) with the gross profit percentage decreasing to 17,0% (H1 F2024: 27,4%). Gross profit decreased as a result of the decrease in gross profit by the Coal segment as noted below.

### Bricks segment

Gross profit in the Bricks segment decreased by 11,7% to R36,0 million (H1 F2024: R40,8 million) with the gross profit percentage increasing to 31,2% (H1 F2024: 30,8%). Gross profit decreased as a result of the decrease in revenue.

As a result of the decline in market conditions, management implemented various cost-saving initiatives as well as production efficiencies to combat the decline in revenue. Even though the gross profit decreased, these cost-saving initiatives contributed to an increase in the gross profit percentage.

### Coal segment

Gross profit in the Coal segment decreased to R2,3 million (H1 F2024: R11,4 million) with the gross profit percentage decreasing to 2,1% (H1 F2024: 19,7%).

During the six months ended 31 August 2023 significant stripping activities were performed, which resulted in an increase in coal work-in-progress. The increased work-in-progress resulted in a credit to cost of sales, which resulted in higher gross profits for the Coal segment during the previous reporting period.

Since the implementation of the Contract Mining and Coal Purchase Agreement, effective 1 November 2023, gross profit is limited to the R20/tonne received by the Coal segment on tonnes mined.

## COMMENTARY

(continued)

### OPERATING PROFIT BEFORE INTEREST, TAXATION AND EARNINGS FROM ASSOCIATE

The Group realised an operating profit before interest, taxation and earnings from associate of R16,4 million (H1 F2024: R26,8 million). The Bricks segment realised an operating profit before interest and taxation of R16,5 million (H1 F2024: R17,1 million), whilst the Coal segment realised an operating loss before interest and taxation of R0,1 million (H1 F2024: operating profit before interest and taxation of R9,8 million).

Other income, administrative expenses, distribution and other expenses decreased by 13,5% in comparison to the previous corresponding reporting period.

During the previous reporting period, administrative expenses included professional, legal and secretarial fees incurred in respect of the acquisition of securities by Nikkel Trading 392 (Pty) Ltd, the offer to minorities as well as the Contract Mining and Coal Purchase Agreement. Current administrative expenses do not include these additional costs.

Distribution expenses decreased in comparison to the previous reporting period as a result of the Contract Mining and Coal Purchase Agreement, whereby the costs previously incurred by the Coal segment have been transferred to the service provider.

### EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share decreased by 64% to 0,9 cents per share (H1 F2024: 2,5 cents per share) as a result of the decrease in profit as noted above. Headline earnings per share decreased by 59,3% to 1,1 cents per share (H1 F2024: 2,7 cents per share).

### NET ASSET AND TANGIBLE ASSET VALUES

The net asset value per share increased by 7,2% to 14,9 cents per share (29 February 2024: 13,9 cents per share), and the net tangible asset value per share increased by 10,3% to 12,8 cents per share (29 February 2024: 11,6 cents per share).

### CAPITAL EXPENDITURE AND DISPOSALS

Major capital investments made by the Group during the reporting period amounted to R3,9 million, which related to right-of-use assets acquired through lease agreements with Manitou.

During the reporting period, the Group disposed of right-of-use assets amounting to R15,6 million held under lease agreement with Boutique Leasing Company (Pty) Ltd.

Refer to note 2 for additional disclosure regarding property, plant and equipment.

## GOING CONCERN

The unaudited condensed consolidated interim financial results for the six-month period ended 31 August 2024 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that adequate cash is generated by operations and the necessary funds be available to finance future operations and that the realisation of the sale of assets, settlement of liabilities, contingent obligations and commitments occur in the ordinary course of business. The directors have prepared their budgets and cash flow forecast for the year ahead based on reasonable and supportable assumptions. The cash flow forecast and current management results indicate that the Group will operate as a going concern for the foreseeable future – refer to note 14.

## DIVIDEND

No dividend has been declared for the six months ended 31 August 2024.

## LITIGATION

Further particulars relating to litigation in which the Group is involved are disclosed in note 11.



## COMMENTARY

(continued)

### CORPORATE GOVERNANCE

The directors endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the Group. Brikor is committed to the principles of openness, integrity and accountability to all stakeholders and the Board of Directors accepts its duty to ensure that the principles and practices (as applicable to Brikor), set out in the King Report of Corporate Governance for South Africa – 2016 (King IV™), are implemented on an apply and explain basis.

### CHANGES TO THE BOARD OF DIRECTORS

As announced on SENS on 27 May 2024, the following changes were made to the Board of Directors, effective 23 May 2024:

- Mr Johan (Joe) van Rensburg was appointed as an executive director of Brikor;
- Mr Schalk Burger resigned as a non-executive director; and
- Mr Corné Oberholzer has changed his designation from an alternate director to Mr Schalk Burger to a non-executive director of Brikor.

### CORPORATE ACTIVITY

Corporate activity during the reporting period comprised:

### UPDATE ON THE CONTRACT MINING AND COAL PURCHASE AGREEMENT

The Contract Mining and Coal Purchase Agreement (“the Agreement”) was approved by shareholders on 18 October 2023, effective 1 November 2023.

Salient clauses of the Agreement are as follows:

- The Service Provider (Ilangabi Colliery (Pty) Ltd, previously known as TCQ Mining (Pty) Ltd), shall, subject to the Ramp-Up Period (a period commencing on the Effective Date and for a period of 6 (six) consecutive months), produce the Tonnage Target of not less than 150 000 (one hundred and fifty thousand) tonnes of clean run-of-mine coal in each month (the “Underpin Tonnage Target”);
- The Service Provider shall mine no less than a total of 400 000 (four hundred thousand) tonnes of coal during the Ramp-Up Period;
- The Service Provider will be obliged to ensure that the services are rendered in such a manner that (at least) the Underpin Tonnage Target is met at all times; and
- If the Service Provider fails to meet the Underpin Tonnage Target due to circumstances or events that the Service Provider believes are out of its control (excluding an Event of Force Majeure), the Service Provider shall notify the Company as soon as reasonably possible.

During the six-month reporting period, the Service Provider failed to meet the tonnage requirements for the Ramp-Up Period as well as the Underpin Tonnage Target, as a result of delays in obtaining secured off-take agreements for coal mined. The representatives of the Service Provider indicated that it is not commercially viable to mine the required tonnages without having confirmed off-take agreements in place.

The main reason for not having confirmed off-take agreements in place was as a result of the delay in obtaining a water use licence for the Group’s mining rights, being Vlakfontein and Grootfontein. The Brikor Board of Directors agreed that it made commercial sense to defer penalties as a result of not meeting the Underpin Tonnage Target as the delay in obtaining a water use licence was an event which was not under the control of the Service Provider. It was agreed that the Group will, therefore, only invoice for actual coal mined.

The Service Provider experienced significant cash flow constraints as a result of not having confirmed off-take agreements in place. This had a knock-on effect on the ability of the Service Provider to repay its debt to the Brikor Group in terms of the Agreement.

The Brikor Board of Directors has put the Service Provider on notice regarding the outstanding balances.

Subsequent to the reporting period, the Service Provider repaid a substantial portion of the outstanding amounts owing to the Brikor Group and confirmed that they will endeavour to ensure that any current amounts due are repaid as per the terms of the Agreement.

The water use licence has also been awarded subsequent to the reporting period. It is anticipated that the Service Provider will be in a better position to negotiate formal off-take agreements, which will enable the Service Provider to comply with the Underpin Tonnage Target as well as the payment terms as per the Agreement.

The Board of Directors will continue to ensure that the Service Provider complies with the terms of the Agreement and that the Agreement is managed in the best interest of all the Group’s stakeholders.

## COMMENTARY

(continued)

### PROPOSED SCHEME OF ARRANGEMENT AND DELISTING FROM THE JSE

As announced on SENS on 3 July 2024, shareholders were advised that the Board of Directors of Brikor was considering proposing a scheme of arrangement in terms of section 114(1)(e), read with section 115, of the Companies Act, No 71 of 2008, as amended, between Brikor and its shareholders (other than Nikkel Trading 392 Proprietary Limited and the Brikor Share Incentive Scheme), in terms of which the shares of the remaining shareholders in Brikor will be repurchased by Brikor. Subsequent to the scheme becoming operative, Brikor shares were to be delisted from the JSE in terms of paragraph 1.17(b) of the JSE Listings Requirements.

On 15 August 2024, shareholders were advised that in accordance with Companies Regulation 111(4) of the Takeover Regulation Panel, Brikor is mandated to furnish an unconditional and irrevocable bank guarantee from a South African registered bank, assuring the full settlement of the cash consideration as per the offer. The Company is currently in the process of terminating the Brikor Share Incentive Scheme Trust, causing a delay in obtaining bank funding for the bank guarantee. Acknowledging this delay, the Brikor Board has decided to defer the proposed scheme of arrangement until the issues related to the Brikor Share Incentive Scheme Trust are resolved. At present, there is no specific timeline for achieving these outcomes. Should the circumstances change, shareholders will be duly notified. However, for the time being, the decision by the Brikor Board is to indefinitely defer the matter.

### EVENTS AFTER THE REPORTING DATE

The directors are not aware of any material events, other than as noted in this report, which occurred subsequent to 31 August 2024 and which need adjustment or disclosure in these interim financial results.

### PROSPECTS AND OPPORTUNITIES

The Board remains positive about the potential which can be unlocked from the Group, given the consistent improvement of the statement of financial position and synergies between various entities within the Group.

The Board will continue strengthening Brikor's broad-based black economic empowerment status as well as exploring opportunities to expand production capacity and sustainability of the Group's mineable reserves.

A priority during the year ahead will be to create value, improve efficiencies and unlock synergies between the various entities within the Group.

For and on behalf of the Board of Directors

**Allan Pellow**

*Independent Non-Executive Chairperson*

**Garnett Parkin**

*Chief Executive Officer*

**Joaret Botha**

*Financial Director*

Nigel

28 November 2024



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2024

	Notes	Unaudited as at 31 August 2024 R'000	Unaudited as at 31 August 2023 R'000	Audited as at 29 February 2024 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>180 214</b>	219 055	200 820
Property, plant and equipment	2	80 114	114 202	101 102
Intangible assets		2 715	3 582	3 110
Restricted financial assets	3	22 587	19 729	21 859
Investment in associate	4	60 600	62 081	58 421
Deferred tax asset	5	14 198	19 461	16 328
<b>Current assets</b>		<b>127 978</b>	99 125	112 054
Inventories	6	77 670	72 331	75 462
Trade and other receivables		45 718	26 375	35 032
Cash and cash equivalents		4 345	183	95
Taxation		245	236	1 465
<b>Assets held-for-sale</b>		<b>4 989</b>	4 792	4 989
<b>Total assets</b>		<b>313 181</b>	322 972	317 863
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>122 425</b>	126 673	114 670
<b>Equity attributable to equity holders of the Company</b>		<b>122 068</b>	126 673	114 670
Stated capital		257 192	257 192	257 192
Accumulated loss		(135 124)	(130 519)	(142 522)
<b>Non-controlling interests</b>		<b>357</b>	–	–
<b>Total liabilities</b>		<b>190 756</b>	196 299	203 193
<b>Non-current liabilities</b>		<b>75 218</b>	79 808	76 901
Lease liability	7	2 240	11 829	5 631
Vendor loans	8	–	4 094	1 219
Loans and borrowings	9	4 205	5 745	4 965
Provisions for environmental restoration		67 994	55 387	65 086
Deferred tax liability	5	779	2 753	–
<b>Current liabilities</b>		<b>112 749</b>	113 743	123 503
Short-term portion of lease liability	7	5 475	11 523	12 065
Short-term portion of vendor loans	8	4 095	5 307	6 098
Short-term portion of loans and borrowings	9	2 192	6 514	3 694
Trade and other payables		88 607	77 642	87 619
Taxation		7 495	7 614	7 403
Bank overdraft		4 885	5 143	6 624
<b>Liabilities directly associated with assets held-for-sale</b>		<b>2 789</b>	2 748	2 789
<b>Total equity and liabilities</b>		<b>313 181</b>	322 972	317 863





# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2024

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Stated capital	273 092	273 092	273 092
Treasury shares	(15 900)	(15 900)	(15 900)
Accumulated loss at the beginning of the period	(142 522)	(150 766)	(150 766)
Total comprehensive income for the period	7 398	20 247	8 244
Non-controlling interests	357	–	–
<b>Total</b>	<b>122 425</b>	126 673	114 670

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2024

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Cash flows from operating activities</b>	<b>11 692</b>	12 597	22 221
Cash generated from operations	14 518	18 050	30 133
Finance income	6	70	8
Finance costs	(2 400)	(5 523)	(7 920)
Net tax paid	(432)	–	–
<b>Cash flows from investing activities</b>	<b>2 568</b>	2 264	2 978
Additions to property, plant and equipment	(255)	(2 772)	(4 672)
Proceeds on disposal of plant and equipment	3 989	1 261	3 838
Additions to intangible assets	–	(37)	–
Contributions to restricted financial assets	(1 166)	–	–
Proceeds from restricted financial assets	–	3 812	3 812
<b>Cash flows to financing activities</b>	<b>(8 271)</b>	(16 638)	(28 545)
Lease capital repayments	(2 786)	(6 446)	(12 672)
Loans and borrowings repaid	(2 264)	(5 730)	(9 328)
Shareholder and vendor loans repaid	(3 221)	(4 462)	(6 545)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5 989</b>	(1 777)	(3 346)
Cash and cash equivalents at beginning of the period	(6 529)	(3 183)	(3 183)
<b>Cash and cash equivalents at end of the period</b>	<b>(540)</b>	(4 960)	(6 529)

# SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results from operations by reportable segments.

## SEGMENT PROFIT RECONCILIATION

	Bricks R'000	Coal R'000	Other* R'000	Total R'000
<b>SIX MONTHS ENDED 31 AUGUST 2024 – UNAUDITED</b>				
<b>Total revenue</b>	<b>115 210</b>	<b>132 302</b>	<b>–</b>	<b>247 512</b>
Intersegment revenue #	–	(22 966)	–	(22 966)
<b>Reportable segment revenue</b>	<b>115 210</b>	<b>109 336</b>	<b>–</b>	<b>224 546</b>
– Clay products	98 196	296	–	98 492
– Coal	–	109 040	–	109 040
– Transportation services and ancillary products	17 014	–	–	17 014
<b>Gross profit</b>	<b>35 986</b>	<b>2 279</b>	<b>–</b>	<b>38 265</b>
<b>Other income</b>	<b>1 573</b>	<b>1 212</b>	<b>–</b>	<b>2 785</b>
<b>Operating profit/(loss) before interest, taxation and earnings from associate</b>	<b>16 500</b>	<b>(131)</b>	<b>–</b>	<b>16 369</b>
<b>Segment assets and liabilities</b>				
Segment assets	152 105	75 206	85 870	313 181
Segment liabilities	(92 226)	(77 047)	(21 483)	(190 756)
<b>Other segment information</b>				
Depreciation and amortisation included in cost of sales and operating expenditure	4 308	4 583	–	8 891
Additions to non-current assets	255	–	–	255
<b>SIX MONTHS ENDED 31 AUGUST 2023 – UNAUDITED</b>				
<b>Total revenue</b>	132 491	72 303	–	204 794
Intersegment revenue #	–	(14 716)	–	(14 716)
<b>Reportable segment revenue</b>	132 491	57 587	–	190 078
– Clay products	112 184	1 850	–	114 034
– Coal	–	55 737	–	55 737
– Transportation services and ancillary products	20 307	–	–	20 307
<b>Gross profit</b>	40 751	11 369	–	52 120
<b>Other income</b>	1 159	3 257	–	4 416
<b>Operating profit before interest, taxation and earnings from associate</b>	17 059	9 758	–	26 817
<b>Segment assets and liabilities</b>				
Segment assets	160 268	74 459	88 245	322 972
Segment liabilities	(112 829)	(53 765)	(29 705)	(196 299)
<b>Other segment information</b>				
Depreciation and amortisation included in cost of sales and operating expenditure	3 995	6 547	–	10 542
Additions to non-current assets	2 772	–	–	2 772

\* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale as well as investment in associates.

# Intersegment revenue relates to coal and clay procured from the Coal segment and used by the Bricks segment. Transactions are at arm's length and accounting treatment is in line with the Group's accounting policies.



## SEGMENT REVENUE AND RESULTS

(continued)

	<b>Bricks R'000</b>	<b>Coal R'000</b>	<b>Other * R'000</b>	<b>Total R'000</b>
<b>YEAR ENDED 29 FEBRUARY 2024 – AUDITED</b>				
<b>Total revenue</b>	226 007	145 385	–	371 392
Intersegment revenue #	–	(20 843)	–	(20 843)
<b>Reportable segment revenue</b>	226 007	124 542	–	350 549
– Clay products	191 889	3 501	–	195 390
– Coal	–	120 992	–	120 992
– Transportation services and ancillary products	34 118	49	–	34 167
<b>Gross profit</b>	67 614	2 379	–	69 993
<b>Other income</b>	2 324	4 685	–	7 009
<b>Operating profit/(loss) before interest, taxation and earnings from associate</b>	24 485	(646)	–	23 839
<b>Segment assets and liabilities</b>				
Segment assets	97 314	117 274	103 275	317 863
Segment liabilities	(80 586)	(96 521)	(26 086)	(203 193)
<b>Other segment information</b>				
Depreciation and amortisation included in cost of sales and operating expenditure	12 151	9 332	–	21 483
Additions to non-current assets	15 406	88	–	15 494

\* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale as well as investment in associates.

# Intersegment revenue relates to coal and clay procured from the Coal segment and used by the Bricks segment. Transactions are at arm's length and accounting treatment is in line with the Group's accounting policies.

Factors used to identify segments are based on product line and divisional structuring. This is also how the Group reports financial results to the chief operating decision maker on a monthly basis.

The reportable segments are:

- Coal, which includes mining and sale of coal; and
- Bricks, which includes manufacturing and sale of bricks.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment results include revenue and expenses directly related to an operating segment but excludes net finance charges and taxation which cannot be allocated to any specific segment. Segment trading profit is defined as operating profit before interest and taxation and is the basis on which management's performance is assessed.

Reportable segment revenue relates to external customers only. Revenue is derived solely from South African customers, within the region in which the Group is situated. Therefore, no additional geographical areas have been identified.

The Bricks and Coal segments are the only regulatory environments in which the Group operates, i.e., manufacturing and mining.

One customer contributed to the revenue derived from the sale of coal products during the reporting period as per the Contract Mining and Coal Purchase Agreement approved by shareholders during October 2023.

During the reporting period, three customers contributed to 36,8% of the revenue derived by the Bricks Segment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment in associates, non-current assets held-for-sale, tax assets, deferred tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders' loans, deferred taxations, taxation and bank overdraft facilities and liabilities associated with assets held-for-sale.

# NOTES TO THE Unaudited condensed consolidated INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2024

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2024 are prepared in accordance with the requirements of the JSE Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS® Accounting Standards) and the Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are in terms of the IFRS® Accounting Standards and are consistent with those applied in the previous consolidated annual financial statements.

The results are presented in Rand rounded to the nearest thousand (R'000), unless otherwise indicated.

## 2. PROPERTY, PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
<b>31 AUGUST 2024</b>			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 714)	1 054
Buildings	37 409	(20 983)	16 426
Plant, equipment and stripping cost	102 221	(44 970)	57 251
Furniture and fixtures	2 916	(2 279)	637
Motor vehicles	4 099	(3 010)	1 089
	<b>153 070</b>	<b>(72 956)</b>	<b>80 114</b>
<b>31 AUGUST 2023</b>			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 610)	1 158
Buildings	37 365	(18 927)	18 438
Plant, equipment and stripping cost	132 997	(44 703)	88 294
Furniture and fixtures	3 174	(2 206)	968
Motor vehicles	4 329	(2 642)	1 687
	<b>184 290</b>	<b>(70 088)</b>	<b>114 202</b>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
<b>29 FEBRUARY 2024</b>			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 714)	1 054
Buildings	37 409	(20 082)	17 327
Plant, equipment and stripping cost	126 805	(49 839)	76 966
Furniture and fixtures	3 056	(2 240)	816
Motor vehicles	4 099	(2 817)	1 282
	177 794	(76 692)	101 102

### Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Stripping cost R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
<b>31 AUGUST 2024</b>								
Carrying value 1 March 2024	3 657	1 054	17 327	61 956	15 010	816	1 282	101 102
Additions	–	–	–	4 148	–	25	–	4 173
Disposals *	–	–	–	(16 621)	–	(44)	–	(16 665)
Depreciation	–	–	(901)	(6 980)	(262)	(160)	(193)	(8 496)
Carrying value 31 August 2024	3 657	1 054	16 426	42 503	14 748	637	1 089	80 114
<b>31 AUGUST 2023</b>								
Carrying value 1 March 2023	3 657	1 181	19 054	78 757	4 284	1 167	1 808	109 908
Additions	–	–	572	2 024	14 759	11	165	17 531
Disposals	–	–	–	(3 224)	–	–	–	(3 224)
Depreciation	–	(23)	(884)	(8 955)	–	(210)	(286)	(10 358)
(Decrease)/increase in decommissioning asset	–	–	(304)	649	–	–	–	345
Carrying value 31 August 2023	3 657	1 158	18 438	69 251	19 043	968	1 687	114 202

\* Disposals include R15,6 million mining equipment held as right-of-use assets, which was disposed of and which resulted in the cancellation of the corresponding lease agreement with Boutique Leasing Company (Pty) Ltd.

Cash additions amounted to R0,2 million for the reporting period with the remainder of the additions relating to right-of-use assets obtained through lease agreement with Manitou.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

### Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Stripping cost R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
<b>29 FEBRUARY 2024</b>								
Carrying value 1 March 2023	3 657	1 181	19 054	78 757	4 284	1 167	1 808	109 908
Additions	–	–	74	4 358	10 821	76	165	15 494
Disposals	–	–	(60)	(6 110)	–	(8)	(191)	(6 369)
Depreciation	–	(127)	(2 177)	(17 544)	(95)	(419)	(500)	(20 862)
Increase in decommissioning asset	–	–	436	2 495	–	–	–	2 931
Carrying value 29 February 2024	3 657	1 054	17 327	61 956	15 010	816	1 282	101 102

### Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.

### Securities

Mining equipment with a carrying value of R4,6 million at 31 August 2024, financed through Nedbank, remain vested in the bank until all amounts due have been paid. See note 9.

### Right-of-use assets

The Group leases the following production and mining equipment, which is included in property, plant and equipment, as indicated below:

#### Manitou Forklifts

Included in plant and equipment are right-of-use assets relating to the forklifts with a carrying value of R4,4 million as at 31 August 2024. See note 7 for additional disclosure relating to the lease liability.

#### Boutique Leasing Company (Pty) Ltd (“BLC”)

Included in plant and equipment are right-of-use assets leased from BLC with a carrying value of R2,5 million and motor vehicles with a carrying value of R0,4 million as at 31 August 2024. See note 7 for additional disclosure relating to the lease liability.

#### Goscor Finance (Pty) Ltd (“Goscor”)

Included in plant and equipment are right-of-use assets leased from Goscor with a carrying value of R1,7 million as at 31 August 2024. See note 7 for additional disclosure relating to the lease liability.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

The below table illustrates the movement in the right-of-use assets for the reporting periods:

	Motor vehicles R'000	Plant and equipment R'000	Total R'000
<b>31 AUGUST 2024</b>			
Balance at 1 March 2024	412	22 994	23 406
Additions to right-of-use assets	–	3 919	3 919
Depreciation charge for the year	(55)	(2 766)	(2 821)
Derecognition to right-of-use assets *	–	(15 553)	(15 553)
	357	8 594	8 951
<b>31 AUGUST 2023</b>			
Balance at 1 March 2023	523	35 668	36 191
Depreciation charge for the year	(55)	(6 210)	(6 265)
Derecognition to right-of-use assets #	–	(2 797)	(2 797)
	468	26 661	27 129
<b>29 FEBRUARY 2024</b>			
Balance at 1 March 2023	523	35 668	36 191
Depreciation charge for the year	(111)	(9 877)	(9 988)
Derecognition to right-of-use assets #	–	(2 797)	(2 797)
	412	22 994	23 406

\* Derecognition of the right-of-use assets as a result of the sale of mining equipment and subsequent cancellation of the lease with Boutique Leasing Company (Pty) Ltd.

# The derecognition related to the termination of a grader, which was leased from Goscor. No termination penalties were payable.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 3. RESTRICTED FINANCIAL ASSETS

### RESTRICTED INVESTMENTS

#### **Liberty Life New Growth Rehabilitation Plan Trust at fair value through profit or loss**

Included in restricted investments are financial assets that are designated at fair value through profit or loss because they are managed on a fair value basis. These investments are valued based on the observable market value of the underlying pool of equity investments as determined by the financial services provider at each reporting date. The fair value is calculated with reference to the underlying equity instruments.

The Liberty Life New Growth Rehabilitation Plant Trust is a dedicated environmental trust fund to fund the estimated cost of rehabilitation at the end of life of mine. The amounts contributed to these funds are included in non-current assets and are measured at fair value through profit or loss. Fair value gains or losses are taken directly to profit or loss under other income or other expenses.

The Liberty Life New Growth Trust funds were transferred to Guardrisk during the 2024 financial year.

#### **Financial assets measured at amortised cost**

Included is restricted financial assets are investments in Leopont Rehabilitation Trust that are classified as financial assets measured at amortised cost. Measured at amortised cost financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost less any allowances for impairment losses.

#### **Investment in Guardrisk Cell Captive – Funding of environmental rehabilitation activities**

During the year ended 29 February 2024, the Group made a decision to change its method of providing for environmental rehabilitation from funding in a specific rehabilitation trust to financial guarantees, which is an allowed method in terms of the National Environmental Management Act. A new ring-fenced policy relating to the funds was concluded. In this regard the rehabilitation trust directly transferred a total amount of R25,4 million (inclusive of VAT) to the new ring-fenced policy with Guardrisk in terms of which Guardrisk issued rehabilitation financial guarantees on behalf of the Company. The funds are ring-fenced for the sole objective of future rehabilitation during and at the end of the relevant life of mine. All the required approvals for the change in method and transfer of the rehabilitation trust funds were obtained from the Department of Mineral Resources and Energy (DMRE) and a thorough consideration of the tax and legal impacts were completed prior to the funds being transferred to Guardrisk.

Environmental rehabilitation payments to reduce the environmental rehabilitation obligations and ongoing rehabilitation expenditure are mostly funded by cash from operations.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 3. RESTRICTED FINANCIAL ASSETS (continued)

Guardrisk has guarantees in issue amounting to R34,1 million to the DMRE on behalf of the Company related to the environmental obligations. The funds for environmental rehabilitation in the cell captive serve as collateral for these guarantees.

Funds invested in the Guardrisk Cell Captive, held within Guardrisk Insurance Company Limited or Guardrisk, are non-derivative financial assets categorised as financial assets measured at fair value through profit or loss as the funds are invested by Guardrisk in liquid money market funds. These assets are initially measured at fair value and subsequent changes in fair value are recognised in profit or loss as they arise and are included in other income or other expenses. The investments in Guardrisk are for the sole use of environmental financial guarantees. Guarantees held by Guardrisk are only cancelled when the DMRE provides the Company and Guardrisk with a signed closure certificate.

The investment in the Guardrisk Cell Captive is for the sole use as determined in the insurance policies and is, therefore, included in non-current assets.

The fair value of the restricted investments is a quoted level 2 financial instrument.

### Restricted investments

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Liberty Life New Growth Rehabilitation Plan Trust</b>	–	116	–
Opening balance	–	25 324	25 324
Unrealised net fair value gains	–	148	116
Transfer to investment in Guardrisk	–	(25 356)	(25 356)
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
<b>Investment in Guardrisk Cell Captive</b>	<b>21 215</b>	18 241	20 487
Opening balance	<b>20 487</b>	–	–
– Investment in Guardrisk	–	22 049	22 049
– Guarantees cancelled	–	(3 812)	(3 812)
– Contributions made	–	–	2 175
– Unrealised net fair value (losses)/gains	<b>728</b>	4	75
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
<b>Leopont Rehabilitation Trust – Absa fixed deposit</b>	<b>1 372</b>	1 372	1 372
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
	<b>22 587</b>	19 729	21 859

### Expected credit losses: fixed deposits

Based on management's assessment of future cash flows from the fixed deposit, management has determined that the expected credit losses on the fixed deposit are not material during the reporting periods.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 4. INVESTMENT IN ASSOCIATE

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Reconciliation of investment in associate</b>			
1 March	58 421	54 906	54 906
Share of income from associate	2 179	7 175	3 515
	<b>60 600</b>	62 081	58 421

### Impairment

Based on the evaluation of the impairment indicators as per IAS 28 – Investment in Associates and Joint Ventures, management has not identified any impairment indicators. No impairment was, therefore, raised during the reporting periods.

### Details of material associates

Zingaro Holdings (Pty) Ltd has a February year-end, which is in line with the Group.

Summarised financial information in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures, is set out below. The summarised financial information shown represents amounts from the associates financial statements that was prepared in accordance with the IFRS® Accounting Standards.

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Non-current assets	240 033	267 179	248 121
Current assets	55 918	71 460	61 099
Non-current liabilities	141 744	151 517	161 892
Current liabilities	64 891	87 355	59 576
Non-controlling interests	(8 695)	1 946	(4 811)
<i>The above assets and liabilities include the following:</i>			
Cash and cash equivalents	7 466	10 144	12 071
Current financial liabilities	45 038	74 586	43 314
Non-current financial liabilities	130 181	141 580	151 115
<b>Net assets</b>	<b>98 011</b>	101 713	92 563
<b>Brikor's ownership interest</b>	<b>40%</b>	40%	40%



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 4. INVESTMENT IN ASSOCIATE (continued)

Summarised profit or loss in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures for the six months ended 31 August 2024 including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Revenue	<b>111 001</b>	108 276	213 743
Profit/(loss) for the period	<b>1 565</b>	11 089	(926)
– Profit attributable to owners of the parent	<b>5 449</b>	17 938	8 788
– Loss attributable to non-controlling interests	<b>(3 884)</b>	(6 849)	(9 714)
Total comprehensive income for the period	<b>1 565</b>	11 089	(926)
– Total comprehensive income attributable to owners of the parent	<b>5 449</b>	17 938	8 788
– Total comprehensive loss attributable to non-controlling interests	<b>(3 884)</b>	(6 849)	(9 714)
<i>The above profit for the period includes the following:</i>			
Depreciation	<b>7 738</b>	7 159	22 417
Loss on disposal of property, plant and equipment	–	–	7 991
Interest income	–	48	1 419
Finance cost	<b>7 804</b>	5 512	13 803
Taxation expense	<b>787</b>	5 255	5 856

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 5. DEFERRED TAX ASSET/(LIABILITY)

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Reconciliation of deferred tax asset</b>			
At beginning of the period	15 788	21 782	21 782
Change in taxation rate *	–	–	(776)
Originating and reversing temporary differences	929	3 099	(2 314)
Calculated tax losses (utilised)/created	(2 519)	(5 420)	(2 904)
	<b>14 198</b>	19 461	15 788
<b>Deferred tax asset</b>			
<i>Comprising:</i>			
Property, plant and equipment	(2 984)	1 392	(3 168)
Provisions	11 591	10 176	9 986
Income received in advance	–	714	1 255
Leases	(1 217)	(84)	(1 612)
Rehabilitation trust funds	(1 287)	(1 335)	(1 287)
Calculated tax losses	8 095	8 598	10 614
	<b>14 198</b>	19 461	15 788

\* The change in taxation rate is as a result of the tax rate reduction to 27%, effective for years ended on or after 31 March 2023.

The Group does not have any unrecognised deferred tax assets relating to assessed losses for any of the reporting periods disclosed above. Management lodged dispute with SARS relating to the 2019 income tax assessment. SARS incorrectly increased the assessed loss by R15,1 million. Management is not in agreement with the difference and has submitted all necessary documentation to SARS. The dispute is still ongoing as at the date of this report.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 5. DEFERRED TAX ASSET/(LIABILITY) (continued)

### DEFERRED TAX ASSET RECOVERABILITY ANALYSIS

The following table is the analysis of the movement of the deferred tax asset over the last four and a half years:

	Unaudited 6 months ended 31 August 2024 R'000	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000	Audited year ended 28 February 2022 R'000	Audited year ended 29 February 2021 R'000
<b>Calculated tax losses</b>					
Opening balance	<b>10 614</b>	14 018	17 505	20 993	22 161
Change in taxation rate	–	(500)	–	–	–
(Utilised)/created	<b>(2 519)</b>	(2 904)	(3 487)	(3 488)	(1 168)
Closing balance calculated tax losses	<b>8 095</b>	10 614	14 018	17 505	20 993
<b>Temporary differences</b>					
Opening balance	<b>5 174</b>	7 764	7 564	6 473	5 530
Change in taxation rate	–	(276)	–	–	–
(Utilised)/created	<b>929</b>	(2 314)	200	1 091	943
Closing balance temporary differences	<b>6 103</b>	5 174	7 764	7 564	6 473
<b>Total deferred tax asset</b>	<b>14 198</b>	15 788	21 782	25 069	27 466

Current period taxable profits yielded a decrease in the deferred tax asset of R2,5 million, whereas current temporary differences yielded an increase in the deferred tax asset of R0,9 million.

Management's current forward-looking budgets and forecast have determined that the deferred tax asset's recoverability remained probable and it is expected to be recovered in approximately five years.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 5. DEFERRED TAX ASSET/(LIABILITY) (continued)

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Reconciliation of deferred tax asset/(liability)</b>			
At beginning of the period	540	(949)	(949)
Change in taxation rate *	-	-	34
Originating and reversing temporary differences	828	(22)	1 379
Calculated tax losses (utilised)/created	(2 147)	(1 782)	76
	<b>(779)</b>	(2 753)	540
<b>Deferred tax liability</b>			
<i>Comprising:</i>			
Property, plant and equipment	(2 366)	(3 337)	(2 696)
Provisions	6 056	4 852	5 558
Rehabilitation trust funds	(4 469)	(4 635)	(4 469)
Calculated tax losses	-	367	2 147
	<b>(779)</b>	(2 753)	540

\* The change in taxation rate is as a result of the tax rate reduction to 27%, effective for years ended on or after 31 March 2023.

The above deferred tax liability is attributable to the Company's subsidiary, Ilangabi Resources (Pty) Ltd.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 6. INVENTORIES

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Raw materials	12 783	5 128	10 334
Work in progress – Bricks	29 707	31 558	24 877
Work in progress – Coal	9 243	6 112	6 019
Finished goods	24 530	27 158	32 288
Consumables	1 407	2 375	1 944
	<b>77 670</b>	72 331	75 462

### Impairments

Inventory totalling R14,8 million was written down to their net realisable value of R11,7 million during the six months ended 31 August 2023. There were no net realisable value adjustments during the six months ended 31 August 2024.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 7. LEASE LIABILITY

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Lease liability – Manitou</b>	<b>4 739</b>	3 304	2 094
During the reporting period, the Group entered into additional leases for another 24-month period. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.			
When measuring the lease liabilities and right-of-use assets relating to the forklifts, the Group discounted the lease payments using the incremental borrowing rate, being the prime interest rate plus 0,98%.			
<b>Lease liability – Boutique Leasing Company (Pty) Ltd (“BLC”)</b>	<b>1 753</b>	18 095	13 998
During October 2022, the Group entered into a lease agreement with BLC where the Group rents mining equipment for a period of 36 months and motor vehicles for a period of 60 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term, after which ownership of the equipment and motor vehicles will transfer to the Group. The interest rate implicit in the lease ranges between 7,95% and 16,7%.			
During April 2024, the Group disposed of certain of its mining equipment, which resulted in the cancellation of the leases relating to these equipment.			
<b>Lease liability – Goscor Finance (Pty) Ltd (“Goscor”)</b>	<b>1 223</b>	1 953	1 604
During November 2022, the Group entered into a lease agreement with Goscor where the Group rents mining equipment for a period of 36 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term, after which ownership of the equipment will transfer to the Group. The interest rate implicit in the lease is 17,1%.			
	<b>7 715</b>	23 352	17 696
<b>Presented as:</b>			
Non-current liabilities	<b>2 240</b>	11 829	5 631
Current liabilities	<b>5 475</b>	11 523	12 065
	<b>7 715</b>	23 352	17 696
<b>Reconciliation of lease liability</b>			
Balance at 1 March	<b>17 696</b>	32 380	32 380
Additions to right-of-use assets (Manitou)	<b>3 919</b>	–	–
Cancellation of lease	<b>(11 114)</b>	(2 582)	(2 012)
Lease payments	<b>(3 599)</b>	(8 634)	(16 430)
Interest expenses	<b>813</b>	2 188	3 758
	<b>7 715</b>	23 352	17 696



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 8. VENDOR LOANS

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Acquisition of Zingaro Holdings (Pty) Ltd on 2 March 2021 through the following loan accounts:			
<b>Loan – EJ Mac Master</b>			
Opening balance	2 439	3 949	3 949
Add: Interest	93	186	324
Less: Cash payments	(1 167)	(1 000)	(1 834)
	<b>1 365</b>	3 135	2 439
<b>Loan – L Mac Master</b>			
Opening balance	2 439	3 948	3 948
Add: Interest	93	185	324
Less: Cash payments	(1 167)	(1 000)	(1 833)
	<b>1 365</b>	3 133	2 439
<b>Loan – P Buys</b>			
Opening balance	2 439	3 948	3 948
Add: Interest	93	185	324
Less: Cash payments	(1 167)	(1 000)	(1 833)
	<b>1 365</b>	3 133	2 439
<b>Total vendor loans</b>	<b>4 095</b>	9 401	7 317
The above loans bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the Effective Date until the date upon which the Subject Loan has been repaid in full to the Sellers. The respective loans are payable in monthly instalments of R0,2 million (including capital and interest) each. The Subject Loan outstanding as at the fifth anniversary of the effective date shall be paid by Brikor to the Sellers within 10 business days after the fifth anniversary of the effective date. In addition, Brikor has the right to repay the outstanding Subject Loan from time to time in greater instalments and more frequently.			
<b>Presented as:</b>			
<b>Non-current liabilities</b>			
At amortised cost	–	4 094	1 219
<b>Current liabilities</b>			
At amortised cost	<b>4 095</b>	5 307	6 098
	<b>4 095</b>	9 401	7 317

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 9. LOANS AND BORROWINGS

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Loan – C Sardinha</b>			
Ilangabi Resources (Pty) Ltd entered into a loan agreement with C Sardinha during April 2022. The loan is repayable in monthly instalments of R0,1 million and interest is charged at 8%, compounded monthly. The loan agreement was revised and it was agreed that the last instalment will be payable on 31 December 2024.			
Loans at 1 March	1 165	1 768	1 768
Add: Interest	43	64	112
Less: Cash payments	(555)	(550)	(715)
	<b>653</b>	1 282	1 165
<b>Instalment Sale Agreement – Nedbank Limited</b>			
The Company entered into an instalment sale agreement with Nedbank during October 2022 for the purchase of two LOVOL Excavators. Interest is charged at the prime rate plus 0,85%, compounded monthly in arrears, and the loan is repayable in monthly instalments of R0,2 million over a period of 60 months. Ownership in the assets will remain vested in the bank until all amounts due have been paid.			
Loans at 1 March	6 435	9 653	9 653
Add: Interest	379	450	867
Less: Cash payments	(1 070)	(3 015)	(4 085)
	<b>5 744</b>	7 088	6 435
<b>Instalment Sale Agreement – CNH Industrial and Construction SA (Pty) Ltd (“CNH”)</b>			
The Company obtained a credit facility through CNH for the purchase of two CASE front-end loaders during September 2022. Interest is charged at the prime rate plus 2%, compounded monthly in arrears, and the loan is repayable in monthly instalments of R0,5 million over a period of 18 months. The last instalment was paid during April 2024 whereafter ownership vested in the Company.			
Loans at 1 March	1 059	6 566	6 566
Add: Interest	19	348	554
Less: Cash payments	(1 078)	(3 025)	(6 061)
	–	3 889	1 059
	<b>6 397</b>	12 259	8 659
<b>Presented as:</b>			
<b>Non-current liabilities</b>			
At amortised cost	4 205	5 745	4 965
<b>Current liabilities</b>			
At amortised cost	2 192	6 514	3 694
	<b>6 397</b>	12 259	8 659



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 10. EARNINGS PER SHARE

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Basic and diluted profit attributable to owners of the parent	7 398	20 247	8 244
Profit on disposal of property, plant and equipment *	–	(861)	(859)
Impairment of assets *	–	3 085	(120)
Loss on disposal of property, plant and equipment	1 545	–	102
Loss on scrapping of property, plant and equipment *	167	7	489
Loss on disposal of property, plant and equipment by associate (net of tax)	–	–	3 196
<b>Headline and diluted headline profit</b>	<b>9 110</b>	22 478	11 052

\* These reconciling items have immaterial tax implications and, therefore, only the gross amounts are taken into account in the reconciliation.

### Number of shares

	Unaudited 6 months ended 31 August 2024 '000	Unaudited 6 months ended 31 August 2023 '000	Audited year ended 29 February 2024 '000
Weighted average number of shares	822 342	822 342	822 342
Diluted weighted average number of shares	822 342	822 342	822 342

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 11. CONTINGENCIES

### CONTINGENT LIABILITIES

#### Environmental rehabilitation

The Group's operations are located in Nigel and are in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR site in terms of the RAMSAR convention on Wetlands of International importance). The precise particulars of the operations' proximity to the watercourse still need to be formally delineated by a wetland specialist.

However, considering the current location of the Group's operations and the potential movement of groundwater and drainage towards the Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and 3, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after the closure.

The proximity assessment and results from the water monitoring are required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a long-term water quality-related risk at eventual quarry closure. In addition, the nature and extent for the direction of surface run-off still need to be fully understood. The cost determination of water quality-related effects and water use requirements (in terms of the National Water Act) remain uncertain at this stage and cannot be reasonably quantified.

Additional information that are obtained from further studies and monitoring could result in future obligation that would require the Group to recognise additional cost provisions for environmental rehabilitation.

#### Pending court case

Ilangabi Resources (Pty) Ltd (previously "Ilangabi Investments 12 (Pty) Ltd") is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past seven years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these condensed consolidated interim financial statements.

The above action has been defended and a plea has been delivered on behalf of Ilangabi and both parties have made discovery. It may still take some time to complete the discovery affidavit exercise and it is difficult to estimate the costs that will be associated therewith.

Pleadings have closed and discovery has been made by both parties. The next steps will be convening a pre-trial conference. It remains difficult to estimate the costs that will be associated with the case due to pre-trial preparation that will be required, should the plaintiffs pursue the matter to trial.

There have been no additional information and/or changes to the matter since the previous reporting period.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 12. RELATED PARTIES

### IDENTIFICATION OF MATERIAL RELATED PARTIES

Shareholders of Brikor Limited (Company) holding 20% or more of issued share capital at 31 August 2024:

Nikkel Trading 392 (Pty) Ltd	84,25%
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#### Subsidiaries and associates

Ilangabi Resources (Pty) Ltd, previously Ilangabi Investments 12 (Pty) Ltd, as well as Kopanela Mining (Pty) Ltd are the only significant subsidiaries of the Group. Ilangabi Resources (Pty) Ltd is wholly-owned and is incorporated and operates in South Africa only. Brikor owns 70% of the issued share capital in Kopanela Mining (Pty) Ltd.

Brikor owns 40% of all ordinary shares in Zingaro Holdings (Pty) Ltd.

Relationships	Related director/shareholder
<i>Entities controlled by directors and/or significantly influenced by a shareholder</i>	
Zingaro Holdings (Pty) Ltd	E Mac Master, L Mac Master, P Buys
Zingaro Trade 85 (Pty) Ltd	E Mac Master, PZ Mtethwa
Ilangabi Colliery (Pty) Ltd	Nikkel Trading 392 (Pty) Ltd
Scarletkor (Pty) Ltd	Nikkel Trading 392 (Pty) Ltd
Tokata Coal (Pty) Ltd	Nikkel Trading 392 (Pty) Ltd
Alidaguard Pty Ltd t/a The HUB	Nikkel Trading 392 (Pty) Ltd

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 12. RELATED PARTIES (continued)

		Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>RELATED PARTY BALANCES</b>				
<b>Loan accounts – owing to related parties</b>				
E Mac Master		(1 365)	(3 135)	(2 439)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
L Mac Master		(1 365)	(3 133)	(2 439)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
P Buys		(1 365)	(3 133)	(2 439)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
<b>Amounts included in trade and other receivables/(trade and other payables) regarding related parties</b>				
Zingaro Holdings (Pty) Ltd	Bricks and rental income	103	273	67
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	2 377	2 377	2 377
Zingaro Holdings (Pty) Ltd	Transport	–	(3 544)	(1 786)
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(1 927)	(1 927)	(1 927)
Scarletkor (Pty) Ltd	Surface rights	(1 240)	(273)	(1 364)
Ilangabi Colliery (Pty) Ltd	Mining consulting services	–	(10 120)	–
Ilangabi Colliery (Pty) Ltd	Coal	16 479	–	7 904
Ilangabi Colliery (Pty) Ltd	Coal	(8 724)	–	(1 860)
Ilangabi Colliery (Pty) Ltd	Deposit invoice	5 577	–	5 577
Ilangabi Colliery (Pty) Ltd	Deposit invoice	(5 577)	–	(5 577)
Tokata Coal (Pty) Ltd	Clay mining	(946)	–	–
Alidaguard Pty Ltd t/a The HUB	Consulting fees	(1 529)	–	–



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 12. RELATED PARTIES (continued)

	Description of activities	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Related party transactions</b>				
<i>Interest paid</i>				
E Mac Master	On loan account	(93)	(186)	(324)
L Mac Master	On loan account	(93)	(185)	(324)
P Buys	On loan account	(93)	(185)	(324)
<i>Purchases from related parties</i>				
Zingaro Holdings (Pty) Ltd	Transport	-	(8 330)	(12 700)
Scarletkor (Pty) Ltd	Surface rights	(539)	(1 286)	(2 354)
Ilangabi Colliery (Pty) Ltd	Mining consulting services	-	(8 800)	-
Ilangabi Colliery (Pty) Ltd	Coal	(120 795)	-	(48 729)
Tokata Coal (Pty) Ltd	Clay mining	(823)	-	-
Alidaguard Pty Ltd t/a The HUB	Consulting fees	(1 529)	-	-
<i>Sales to related parties</i>				
Zingaro Holdings (Pty) Ltd	Rental income	444	436	825
Ilangabi Colliery (Pty) Ltd	Coal	146 816	-	67 757

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 13. SUBSEQUENT EVENTS

Management is not aware of any material events which occurred subsequent to 31 August 2024 and which need adjustment or disclosure in these financial results.

## 14. GOING CONCERN

The Group incurred a profit for the six months ended 31 August 2024 of R7,8 million (six months ended 31 August 2023: R20,2 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R122,4 million (29 February 2024: R114,7 million).

The Group's current assets exceeded its current liabilities by R15,2 million (29 February 2024: current liabilities exceeded current assets by R11,4 million), indicating significant improvement during the past six months.

A detailed analysis of the solvency and liquidity of the Group was performed, being cognisant of the current economic environment. The directors considered the financial performance of the Group to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. Based on the assessment, no material uncertainties have been identified in relation to the ability of the Group to remain a going concern for at least the next twelve months. The directors thus believe that the Group is in a sound financial position and that it will continue to operate as a going concern for the foreseeable future.

As such, the interim financial results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 15. DIRECTORS' EMOLUMENTS

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
<b>Executive directors</b>			
Short-term employee benefits	2 735	4 079	6 818
<b>Non-executive directors</b>			
Short-term fees	865	654	1 420



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 16. SALIENT FEATURES

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Number of shares in issue (excluding treasury shares) ('000)	<b>822 342</b>	822 342	822 342
Net asset value per share (cents)	<b>14,9</b>	15,4	13,9
Net tangible asset value per share (cents)	<b>12,8</b>	12,6	11,6
(Impairment)/Impairment reversals (R'000)	–	(3 085)	(2 965)
Employee cost (R'000)	<b>(44 685)</b>	(53 486)	(95 680)

Net asset value per share is determined by dividing the total equity by the actual number of shares in issue at the reporting date.

Net tangible asset value per share is determined by dividing the total equity less intangible and deferred tax assets by the actual number of shares in issue at the reporting date.

### Reconciliation of Earnings before Interest, Taxation, Depreciation, Amortisation, Impairments (“EBITDA”)

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Operating profit before interest, taxation and earnings from associate	<b>16 369</b>	26 817	23 839
Depreciation – cost of sales	<b>7 626</b>	9 046	18 206
Depreciation – other expenses	<b>870</b>	1 312	2 656
Amortisation – cost of sales	<b>395</b>	185	621
Impairments/(impairment reversals)	–	3 085	2 965
	<b>25 260</b>	40 445	48 287

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2024

## 16. SALIENT FEATURES (continued)

### SOLVENCY AND LIQUIDITY

	Unaudited as at 31 August 2024 R'000	Unaudited as at 31 August 2023 R'000	Audited as at 29 February 2024 R'000
<b>STATEMENT OF FINANCIAL POSITION EXTRACTS</b>			
<b>Current assets</b>			
Inventory	77 670	72 331	75 462
Trade and other receivables	45 718	26 375	35 032
Cash and cash equivalents	(540)	(4 960)	(6 529)
– Cash and cash equivalents	4 345	183	95
– Overdraft	(4 885)	(5 143)	(6 624)
Taxation	245	236	1 465
<b>Total current assets</b>	<b>123 093</b>	<b>93 982</b>	<b>105 430</b>
<b>Total current assets less inventory and restricted cash</b>	<b>45 423</b>	<b>21 651</b>	<b>29 968</b>
<b>Current liabilities</b>			
Short-term portion of vendor loan	4 095	5 307	6 098
Short-term portion of lease liabilities	5 475	11 523	12 065
Short-term portion of loans and borrowings	2 192	6 514	3 694
Trade and other payables	88 607	77 642	87 619
Taxation	7 495	7 614	7 403
<b>Total current liabilities</b>	<b>107 864</b>	<b>108 600</b>	<b>116 879</b>
Current asset ratio	1,1	0,9	0,9
Acid test ratio	0,4	0,2	0,3

By order of the Board

**Allan Pellow**  
Chairperson of the Board

**Garnett Parkin**  
Chief Executive Officer

**Joaret Botha**  
Financial Director

28 November 2024

# CORPORATE INFORMATION

## BRIKOR LIMITED

Incorporated in the Republic of South Africa  
Registration number: 1998/013247/06  
JSE code: BIK  
ISIN: ZAE000101945

### Registered office

1 Marievale Road  
Vorsterskroon  
Nigel 1490  
  
(PO Box 884, Nigel 1490)  
Telephone: 011 739 9000  
Facsimile: 011 739 9021

## DIRECTORS

Mr Allan Pellow (*Chairperson*) \*  
Ms Mamsy Mokate (*Lead Independent Director*) \*  
Mr Garnett Parkin (*Chief Executive Officer*)  
Ms Joaret Botha (*Financial Director*)  
Mr Michiel Laubscher #  
Ms Funeka Mtsila \*  
Mr Steve Naudé \*  
Mr Corné Oberholzer #  
Mr Joe van Rensburg (*Executive Director: Mining*) #

\* *Independent Non-Executive*

# *Non-Executive*

## COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd  
Registration number 2007/008376/07  
Suite E014  
Midlands Office Park East  
Mount Quray Street  
Midlands Estate  
Midstream 1692  
  
(PO Box 68528, Highveld 0169)  
Tel: (012) 749 6793  
Fax: 086 616 6545

## DESIGNATED ADVISER

Exchange Sponsors (2008) (Pty) Ltd  
44a Boundary Road  
Inanda  
Sandton 2196  
  
(PO Box 411216, Craighall 2024)

## AUDITORS

Nexia SAB&T  
119 Witch-Hazel Ave  
Highveld Techno Park  
Centurion, 0157  
  
(PO Box 10512, Centurion, 0046  
Docex 15, Centurion)

## TRANSFER SECRETARIES

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Sandton 2196  
  
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These results and an overview of Brikor are available at [www.brikor.net](http://www.brikor.net)