



Salungano

GROUP



CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

Consolidated and separate annual financial statements

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Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa, 71 of 2008 ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

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

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

within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. Any system of internal financial control, however, can provide only reasonable, and not absolute, assurance against material misstatement or loss. It is also the responsibility of the company to maintain controls over the maintenance and integrity of the company's website.

The directors have reviewed the group's cash flow forecast for the year to August 2027 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditor and their report is presented on **pages 12 to 17**.

The consolidated and separate annual financial statements set out on **pages 18 to 105**, which have been prepared on the going concern basis, were approved by the board of directors on 26 March 2026 and were signed on their behalf by:

Robinson Ramaite
Chief executive officer
("CEO")

27 March 2026

Jannie Muller
Acting chief financial officer
("CFO")

Level of assurance

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

Preparer

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

Published

27 March 2026

Contact

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Chief executive officer's and chief financial officer's responsibility statement

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

- the annual financial statements set out on **pages 18 to 105** fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit, risk and compliance committee and auditor any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Robinson Ramaite
Chief executive officer

Jannie Muller
Acting chief financial officer

27 March 2026

Declaration by the company secretary

In terms of section 88(2)(e) of the Companies Act, I hereby certify that, to the best of my knowledge and belief, Salungano Group Limited ("SLG") has lodged with the Companies and Intellectual Property Commission ("CIPC") for the financial year ended 31 March 2025, all such returns and notices as required in terms of the Companies Act, and that all such returns and notices are true, correct and up to date.

Yolande Lemmer
Company secretary

27 March 2026

Directors' report

The directors herewith submit the consolidated and separate annual financial statements of Salungano for the year ended 31 March 2025 ("the FY25 statements").

Matters material to shareholders

As previously reported, shareholders are aware that trading in the company's shares was suspended by the Johannesburg Stock Exchange ("JSE") on 21 August 2023, as the company did not publish its audited financial results for the year ended 31 March 2023 within the prescribed period stipulated in the JSE Listings Requirements. The suspension has not been uplifted pending the publication of the audited financial results for the year ended 31 March 2025 as these were due by 30 June 2025.

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

The board has noted the reportable irregularities referred to the Independent Regulatory Board for Auditors ("IRBA") by SNG (as set out in more detail in note 46 to the FY25 statements).

Main business and operations

The main business of the company is that of an investment and management company with operating subsidiaries engaged in the mining, processing and trading of coal. The group operates principally in South Africa. The operating results and state of affairs of the group and company are fully set out in the consolidated and separate annual financial statements.

Group results

For the year ended 31 March 2025, the group generated a profit of R10 million (FY24: R143 million loss). The EBITDA for the year amounted to R429 million (FY24: R25 million). While operating profit improved to R189 million (FY24: R309 million loss).

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

- Vanggatfontein resumed operations after having been on care and maintenance and ramped up production, resulting in rectification sales through Neosho of about 374kt. In FY26, Eskom awarded Vanggatfontein its own coal supply agreement ("CSA"). Operations are currently being conducted under a section 155 creditors' compromise;
- Third-party rectification sales through Neosho increased from approximately 1.5mt to 2.5mt, representing an increase of 62%;

- Loss-making operations (Vanggatfontein and Elandspruit) were curtailed and restructured under a section 155 creditors' compromise and business rescue legal processes, respectively; and
- Inventory losses arising from burning stock due to spontaneous combustion were lower as a result of improved operating procedures for stockpile management.

Cash generated from operations amounted to R462 million (FY24: R485 million) which enabled the group to settle R191 million (FY24: R162 million) including interest of R42 million (FY24: R63 million) towards the term loan and the revolving credit facility ("RCF") in the current year.

Excess proceeds of R49 million from the Keaton Mining Machinery that was surrendered to the lenders and auctioned in FY25 were applied to reduce the RCF balance (refer to note 19).

Going concern

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

- a significant increase in sales at Salungano Trading as a result of the turnaround strategy being implemented by that business unit;
- achievement of production and sales targets;
- extension of the Neosho Trading 86 CSA with Eskom; and
- successful implementation of the section 155 plan.

Group

As at 31 March 2025, the group had a net overdraft of R23 million (FY24: R7 million cash balance) and available facilities on the general banking facility ("GBF") amounted to R5 million (FY24: R51 million).

As at 31 March 2025, the total assets exceeded the total liabilities of the group by R15 million (FY24: R4 million) indicating that the group was solvent. The solvency position improved slightly despite the recognition of an impairment of R5 million (FY24: R369 million) relating to property, plant and equipment and financial assets in profit or loss and other comprehensive income.

Management is of the view that the solvency position has improved significantly in subsequent periods due to the resumption of operations at Vanggatfontein (Keaton Mining) and the significant reduction in external debt.

However, as at 31 March 2025, the group's current liabilities of R885 million (FY24: R1 489 million) exceeded the current assets of R801 million (FY24: R856 million) indicating that the group was not liquid at year-end. This indicates that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' report continued

While Neosho Trading 86 Proprietary Limited (Moabsvelden) has commenced the process of extending its CSA with Eskom, Eskom has entered into a CSA with Keaton Mining to supply coal to various power stations.

As disclosed in note 19, the RCF balance as at 31 March 2025 was R225 million. In subsequent months, this balance was fully settled by 28 November 2025. The company anticipates that the outstanding amount on the GBF will be fully settled by 31 March 2026.

Cash generation from Neosho Trading 86 Proprietary Limited (Moabsvelden Mine) and the cash requirements of both the group and the company enabled the group to settle the RCF by the end of November 2025. In addition, proceeds from the Keaton Mining Machinery were used during the current financial year to reduce the RCF balance. The GBF outstanding balance was R10 million at the end of February 2026 and Neosho has ceded an investment of R10 million to the lenders as security for the GBF. These factors form the basis for the group's cash flow assumptions for the next 18 months ending August 2027.

Company

For the year ended 31 March 2025, the company incurred a loss of R8 million (FY24: R762 million loss). The loss in the current year arose mainly from expected credit losses ("ECLs") on trade and other receivables and intercompany loans. The loss in FY24 arose mainly from credit loss allowances and impairments of investments.

As at 31 March 2025, the company had an overdraft of R86 million (FY24: R39 million) and the available facilities on the GBF amounted to R4 million (FY24: R51 million). As at 31 January 2026, the overdraft had reduced to R29 million and is expected to be settled by 31 March 2026.

The company's total liabilities exceeded total assets by R341 million (FY24: R333 million) indicating that the company was insolvent at year-end. This indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, accordingly, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The solvency position was affected by impairments of R33 million (FY24: R766 million) relating to financial assets and investments in subsidiaries recognised in profit and loss and other comprehensive income.

The negative net current position is impacted by the inclusion of the lender's loan being classified as current due to SLG being in default of the loan agreement from the prior period. Subsequent to year-end, a debt standstill agreement was concluded with the lenders on 28 November 2025, in terms of which the facilities are expected to be fully repaid by March 2026 (refer to note 40.1).

The balance of the negative net position is a result of the Inter-company loans and the prior period impairment of the investments in KEH and Salungano Trading. An intercompany loan of R277 million owing to Salungano Trading is classified as a current liability as it has no fixed repayment terms; however, the entity will defer repayment until liquidity has been restored.

Adequate cash is expected to be generated from Neosho to enable SLG to meet all its commitments, with continued support from the lenders.

SLG is dependent on its subsidiaries to meet its loan repayment obligations. As the subsidiaries are co-obligors to the loan facilities, SLG expects to meet all of its obligations when they fall due.

Based on the cash flow forecasts, expected operational improvements, settlement of the RCF subsequent to year-end, and continued support from lenders, the directors believe that the group and company will have adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the realisation of assets and settlement of liabilities will occur in the normal course of business.

Post-financial year-end events

Lending arrangements

The company has been in breach of its loan facilities since 21 June 2023, when it was unable to secure a refinancing agreement with its lenders. On 27 August 2025, the company concluded a standstill agreement with its lenders in terms of which the lenders have agreed to standstill on their legal rights, provided the company complies with the repayment and other terms of the agreement.

Subsequently, the group was able to repay the outstanding balance on the RCF in full at the end of November 2025, and the GBF is expected to be fully settled by 31 March 2026.

As at 28 February 2026, the GBF outstanding balances were R10 million and Neosho Trading 86 has ceded its R10 million investment to the lenders as security for the outstanding GBF.

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

In October 2022, SARS initiated a diesel audit covering the rebate period from July 2021 to July 2022. This audit period was subsequently extended to September 2024 following a SARS site visit in October 2024. In December 2025, SARS issued a letter disallowing diesel rebate refunds amounting to R76 million, which resulted in an increase in the cost of sales and a corresponding decrease in the value-added tax receivable in trade and other receivables. The diesel rebates receivable was reversed in FY25 in accordance with IAS 10 as an adjusting event. Management intends to appeal the decision taken by SARS (refer to note 16 and note 27).

Keaton Mining CSA

Keaton Mining has executed a CSA with Eskom Holdings SOC Limited for the supply of coal from its Vanggatfontein Colliery to an Eskom-designated power station. The agreement was executed on 20 October 2025. The contract period is expected to run for approximately five years and two months, expiring once the contracted total energy quantity of approximately 6.5mt has been delivered.

Directors' report continued

Directors' interests in contracts

During the year ended 31 March 2025, the CEO had the following indirect interests in contracts with the company:

- Loan agreements to the company and its subsidiaries; and
- A lease agreement with the Simeka Investment group.

The directors are not aware of any other material events arising since the end of the reporting period that could significantly affect the financial position of the group at 31 March 2025 or the results of its operations or cash flows for the year then ended.

Compliance with financial reporting standards

The consolidated annual financial statements of the Salungano group and company comply with IFRS Accounting Standards, the Companies Act and the JSE Listings Requirements.

Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money as they consider appropriate.

Share capital

Authorised

The authorised share capital of the company is 1 000 000 000 ordinary shares. There were no changes in the authorised share capital in the current year.

The movement of shares during the year was as follows (excluding treasury shares):

	'000
Reported as at 1 April 2024*	410 408
Reported as at 31 March 2025*	410 408

* Shares issued exclude treasury shares of 9 508 000.

Major shareholders of the company

Shareholder	FY25		FY24	
	Number of shares	% of shares*	Number of shares	% of shares
Beneficial holder				
K2016316243 (SA) Proprietary Limited	213 628 122	50.87	213 628 122	50.87
RBFT Investments Proprietary Limited	86 626 187	20.63	86 626 187	20.63
MR Ramaite	23 193 301	5.52	23 193 301	5.52
Wescoal Share Incentive Trust	9 508 000	2.26	9 508 000	2.26
Rutendo Holdings Proprietary Limited	8 640 396	2.06	8 640 396	2.06
M Marageni	7 016 988	1.67	7 016 988	1.67

* The percentage of share calculation is based on the total shares issued of 419 916 854 (FY24: 419 916 854), including treasury shares of 9 508 000. There has been no movement in the issued share capital in the current year.

Share buy-back

There were no shares repurchased during the financial year.

Corporate governance

The directors acknowledge the importance of sound corporate governance and the guidelines set out in the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™") and recommended practices. The directors therefore embrace King IV™ as far as it is appropriate, having regard for the size and nature of the various companies making up the group. The board will continue to take such measures as are practicable to comply with King IV™, including the appointment of the independent non-executive directors as mentioned below. The King IV™ application register is available on the company's website at www.salunganogroup.com.

Directors' report continued

Listing

The abbreviated name under which the company is listed on the Main Board of the JSE is Salungano and the short code is "SLG".

Directors

Name	Designation	Changes	Nationality
Dr HLM Mathe	Chairman, independent non-executive	Appointed 1 August 2013	South African
MR Ramaite	Chief executive officer	Appointed 20 November 2007	South African
M Malunga	Independent non-executive	Appointed 1 March 2024	South African
SN Maninjwa	Independent non-executive	Appointed 1 March 2024	South African
KM Maroga	Chief financial officer	Resigned on 18 February 2025	South African
C Maswanganyi	Non-executive	Appointed 17 November 2017	South African
ET Mzimela	Non-executive	Appointed 17 November 2017	South African
TT Tshikovhi	Independent non-executive	Appointed 1 March 2024	South African
T Tshithavhane	Executive	Appointed 4 April 2016	South African

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

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

Company secretary

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

Resolutions

The following resolutions were approved by shareholders at an annual general meeting ("AGM") of the company held on 2 December 2025:

Ordinary resolutions

- Director retirement and re-election of Themba Tshikovhi;
- Director retirement and re-election of Mzimkulu (Mzi) Malunga;
- Director retirement and re-election of Sinesipho Nothemba Maninjwa;
- Appointment of a member and chairman of the audit, risk and compliance committee: Themba Theophilus Tshikovhi;
- Appointment of a member of the audit, risk and compliance committee: Mzimkulu Malunga;
- Appointment of a member of the audit, risk and compliance committee: Sinesipho Nothemba Maninjwa;
- Appointment of a member and chairman of the social and ethics committee: Mzimkulu Malunga;
- Appointment of a member of the social and ethics committee: Cecil Maswanganyi;
- Appointment of a member of the social and ethics committee: Eric Thuthukani Mzimela;
- Appointment of SNG Grant Thornton as the external auditor of the company for the financial year ending 31 March 2025 or until the next AGM, whichever is the later, and appointment of Jeanine Nellmapius-Clarke as the designated auditor for this period;
- Advisory endorsement of the remuneration policy;
- Advisory endorsement of the remuneration implementation report;
- Directors' authority to issue ordinary shares, and to sell treasury shares for cash; and
- The authorisation for any director of the company to implement the resolutions taken at the AGM.

Special resolutions

- Approval for the company to grant inter-group financial assistance in terms of sections 44 and 45 of the Companies Act;
- Approval of the general authority to repurchase or acquire the company's own shares; and
- Approval of non-executive directors' remuneration.

Independent auditor

The company has appointed SizweNtsalubaGobodo Grant Thornton for the financial year ended 31 March 2025 and the appointment of Jeanine Nellmapius-Clarke as the designated auditor for this period.

Directors' report continued

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

Director	FY25		FY24	
	Direct shareholding '000	Indirect shareholding '000	Direct shareholding '000	Indirect shareholding '000
MR Ramaite	23 193	194 990	23 193	194 990
ET Mzimela	–	33 112	–	33 112
T Tshithavhane	852	–	852	–
KM Maroga*	2 451	–	2 451	–
Total	26 496	228 102	26 496	228 102

There have been no changes to the directors' shareholdings between Salungano's financial year-end (31 March 2025) and the date of approval of the annual financial statements.

Directors' remuneration

Executive

	Remuneration R'000	Medical and provident fund contributions R'000	Annual bonus R'000	Fringe and other benefits R'000	Cash total R'000
FY25					
MR Ramaite	4 761	–	403	–	5 163
KM Maroga*	2 833	248	280	2 301	5 662
T Tshithavhane	4 234	343	381	–	4 958
	11 827	592	1 064	2 301	15 784
FY24					
MR Ramaite	4 000	–	333	–	4 333
KM Maroga*	2 800	400	767	–	3 967
T Tshithavhane	4 032	327	363	–	4 722
	10 832	727	1 463	–	13 022

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

Non-executive

	GROUP	
	FY25 R'000	FY24 R'000
HLM Mathe	931	978
C Maswanganyi	433	518
ET Mzimela	490	532
N Siyotula*	–	143
N Mnxasana*	–	103
A Mabizela*	–	103
TT Tshikovi**	656	47
M Malunga**	676	47
SN Maninjwa**	676	47
	3 863	2 518

* Resigned on 30 June 2023.

** Appointed on 1 March 2024.

Audit, risk and compliance committee report

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

Role and mandate

The committee has an independent role and is accountable to both the board and shareholders. Its responsibilities include the statutory duties set out in the Companies Act, duties assigned in terms of the JSE Listings Requirements, and additional responsibilities delegated by the board in terms of its approved terms of reference. The committee reports to the board after each meeting and makes recommendations on matters requiring board consideration or approval.

Composition and meetings

During the financial year ended 31 March 2025, the committee comprised three independent non-executive directors:

- Mr Themba Tshikovihi (Chairman)
- Ms Sinesipho Maninjwa
- Mr Mzimkulu Malunga

The members are considered suitably skilled and experienced to fulfil the committee's mandate.

The group CEO, acting CFO, external and internal auditors, and relevant assurance, risk and compliance representatives, insofar as appropriate, attended meetings by invitation. The committee also met separately with the external and internal auditors, without executive management present, when required.

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

Duties discharged during the reporting period

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

- considered and recommended the annual financial statements, interim financial reports and related announcements to the board for approval;
- considered the appropriateness of accounting policies and the effectiveness of internal financial controls;
- considered the going concern status of the company and group and recommended the basis of preparation to the board;
- assessed the independence and suitability of the external auditor and designated audit partners, and, in considering the auditor's reappointment, reviewed the information required by the JSE Listings Requirements, including relevant regulator inspection outcomes and remediation, ISQM 1 monitoring and/or remediation communications, and any reported legal and/or disciplinary proceedings;
- recommended the reappointment of the external auditor for approval by shareholders at the AGM;
- approved external audit fees and terms of engagement;
- applied the group's non-audit services policy and pre-approved permissible non-audit services;
- oversaw the internal audit function, considered internal audit findings and monitored progress against the approved internal audit plan;
- monitored risk and compliance management, including key risk exposures and mitigation actions; and
- monitored coordination between assurance providers in support of the combined assurance approach.

Finance function resourcing

As reported in the prior year, the committee had raised concerns regarding the adequacy of resourcing within the finance function. The committee monitored management's response during the year under review, including changes to the finance structure and additional resourcing, and is satisfied that meaningful progress has been made, with ongoing oversight maintained.

Audit, risk and compliance committee report continued

JSE Listings Requirements confirmations

The committee is satisfied that, during the reporting period:

- the acting financial director/CFO had the appropriate competence, qualifications and experience for the role; and
- the company had appropriate financial reporting procedures in place, and that such procedures were operating to support effective preparation and reporting of the company and group's financial information.

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

Key focus areas during FY25

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

- progress on addressing external and internal audit findings;
- financial reporting and publication planning;
- the group's going concern assessment and related assumptions;
- risk and compliance management, including key operational, legal and regulatory risks;
- internal financial controls and remediation of identified control weaknesses;
- tax and accounting matters requiring the committee's consideration; and
- information technology governance and related controls.

Annual financial statements and going concern

The committee has reviewed the consolidated and separate annual financial statements for the year ended 31 March 2025 and is of the opinion that, in all material respects, they comply with the Companies Act, IFRS Accounting Standards and applicable reporting requirements, and fairly present the financial position, financial performance and cash flows of the company and group.

The committee also considered the going concern basis of preparation of the financial statements, and following its conclusion of an analysis of quantitative and qualitative measures to this effect, recommended the annual financial statements to the board for approval.

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

Statutory audit, risk and compliance committee report statement

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

On behalf of the committee

Themba Tshikovhi

Chairman of the audit, risk and compliance committee

27 March 2026

Independent auditor's report

To the shareholders of Salungano Group Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Salungano Group Limited and its subsidiaries (the group and company) set out on pages 18 to 105 which comprise the consolidated and separate statement of financial position as at 31 March 2025; and the consolidated and separate statement of profit or loss and other comprehensive income; the consolidated and separate statement of changes in equity; and the consolidated and separate statement of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Salungano Group Limited and its subsidiaries as at 31 March 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company, in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Final materiality

The ISAs recognise that:

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

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

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

Group final materiality

We determined materiality for the group to be R72 million which is based on 2% of revenue. Revenue was selected as the benchmark for determining materiality as it represents the primary measure of the group's operational performance and the scale of its coal mining activities and is therefore considered relevant to users of the financial statements.

Company final materiality

We determined materiality for the standalone company to be R6.043 million which is based on 1% of total assets. We have identified that a capital-based measure is most appropriate as the purpose of the company is to hold investments.

Group audit scope

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

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

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

Independent auditor's report continued

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

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

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

In respect of the components where we performed audit procedures, 89% of the group's total assets and 99.6% of the group's total revenue were covered by the audit of the five components scoped in.

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

Material uncertainty related to going concern

We draw attention to Note 39 to the consolidated and separate financial statements, which indicates that although the group's total assets exceed total liabilities by R15 million, the current liabilities exceed current assets by R84 million. The company's total liabilities exceed total assets by R341 million and losses of R8 million were incurred in the current period. As stated in Note 39, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Group

- We have confirmed that the group has returned to generating both operating profits and net profits for the year ended 31 March 2025 per the consolidated statement of profit or loss and other comprehensive income.
- We have recalculated the earnings before interest, tax, depreciation and amortisation ("EBITDA") being generated as disclosed in Note 39 to the consolidated financial statements and concluded that it is accurate.
- We have confirmed that the group is solvent as at 31 March 2025 per the consolidated statement of financial position.
- Subsequent to year end, Keaton Mining has been awarded a CSA with Eskom, as disclosed in note 40.2 to the consolidated financial statements. The agreement has been inspected.
- The extension of the Neosho Trading 86 CSA is in progress as disclosed in note 39 to the consolidated financial statements and we have inspected various communications between the component and Eskom.
- As disclosed in Note 40.1 to the consolidated financial statements, the revolving credit facility has been settled subsequent to year end. We have inspected an amortisation schedule from the funder which confirms the settlement. Neosho Trading 86 has ceded cash as security for the remainder of the General Banking Facility for which signed agreements have been inspected.

Company

- The company has incurred a loss of R8 million per the consolidated and separate statement of profit or loss and other comprehensive income, after expected credit loss movements of R33 million.
- There are R4 million available facilities on the General Banking Facility as at 31 March 2025 as disclosed in Note 17 to the consolidated and separate financial statements. We have inspected documentation to support the R90 million facility as disclosed and have recalculated the availability thereof, which was found to be accurate.
- We have inspected bank statements as at 31 January 2026 to confirm that the overdraft of R85 million as disclosed in note 17 to the consolidated and separate financial statements has reduced to R29 million, as disclosed in note 39 to the consolidated and separate financial statements.
- The debt standstill agreement which was concluded with the lenders on 28 November 2025, as referred to in note 39 to the consolidated and separate financial statements have been inspected.
- We have confirmed that the intercompany loan to Salungano Trading of R277 million as at 31 March 2025 as disclosed in note 25 to the consolidated and separate financial statements have been deferred, per inspection of subsequent management accounts (unaudited).
- As disclosed in Note 40.1 to the consolidated and separate financial statements, the revolving credit facility has been settled subsequent to year end. We have inspected an amortisation schedule from the funder which confirms the settlement. The remaining General Banking Facility is expected to be fully settled by 31 March 2026 per management's forecasts which we found to be reasonable based on payments made and projected to be made.

Independent auditor's report continued

Key audit matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Environmental rehabilitation provision Refer to note 23 of the consolidated financial statements As at 31 March 2025, the group had recognised long-term environmental rehabilitation provisions of R2 111 million, 59.3% of the group's total liabilities. These provisions are recognised based on the group's obligation to incur environmental restoration, rehabilitation and decommissioning costs as a result of environmental disturbances caused by the group's ongoing mining activities. Rehabilitation activities are based on current legal requirements. Management applies significant judgements and assumptions in the determination of the provision, including the extent of disturbances and cost of rehabilitation activities, inflation and discount rates and the expected date of cessation of mining activities. Management utilised the assistance of independent environmental specialists. Due to the significant judgements applied in determining the provision, we have considered this to be a key audit matter in our audit of the consolidated financial statements.	Our audit addressed this key audit matter as follows: - Through our discussions with management and inspection of underlying calculations, we updated our understanding of management's process to determine the environmental rehabilitation provision. - Our team included senior, experienced audit team members and we engaged an independent environmental expert who possesses specialised skills and knowledge, to assist in performing audit procedures related to the appropriateness of the cost estimates and the evaluation of the key assumptions applied by management. The primary procedures we performed included the following: - We evaluated the methodology applied by management's independent expert in determining the nature and extent of rehabilitation activities by comparing it to industry practice. - We assessed the objectivity, competence and experience of management's independent expert through inspection of their qualification, professional membership, service history and field of experience. - We evaluated whether management's independent expert considered the requirements of relevant laws and regulations and included all the obligations in respect of such laws and regulations. - We recomputed the present value of the provision using independently sourced discount and inflation rates to assess the reasonableness of the present value of the total environmental rehabilitation provision. - We tested the mathematical accuracy of the model used by management by performing an independent recalculation and comparing the results of our calculation with management's calculations. - We assessed the appropriateness of the disclosures related to the environmental and rehabilitation provisions relating to the mining operations, that are included in the consolidated financial statements against the requirements of IAS 37. Based on our work performed, we accepted management's basis for determining the provision. We did not note any aspect requiring further consideration in this regard.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment Refer to note 3 of the consolidated financial statement Property, plant and equipment amounted to R2 035 million as at 31 March 2025 and represents 57% of the group's total assets. Management performs an annual impairment assessment in respect of cash generating units ("CGU"). The recoverable amounts were calculated using estimated discounted cash flows over the projected life of mine or project length for determination of the value-in-use of each CGU. Management applies judgement in determining the key assumptions used in the value-in-use calculations. The most significant assumptions are: • The post-tax discount rates weighted average cost of capital ("WACC"); • Production and output costs; • Available product which is determined by the life of mine plan; and • The expected revenue growth rate. Due to the significant audit effort required to assess the judgements made by management regarding the inputs into the discounted cash flow method, as well as the complexity involved in determining the recoverable amounts of each CGU, the impairment assessment of property, plant and equipment was considered a key audit matter in our audit of the consolidated financial statements.	Our audit addressed this key audit matter as follows: The primary procedures we performed included the following: • We updated our understanding of the process followed by management to assess impairment indicators and the methodologies and models used by management in making their assessments. We tested the key estimates and assumptions used by management in the discounted cash flow model by performing the following procedures: • We compared the Life of Mine plan ("LOM") to the resource and reserve statement signed off by the group's competent person for consistency; • We evaluated the accuracy of the input costs by comparing the costs to mining contractor agreements; • We evaluated the appropriateness of the expected selling prices by comparing to long-term coal supply agreement prices; • We compared the cash flow forecasts to current and historical operational results, forecasts and final approved budgets; and • We assessed the reasonableness of management's forecasts by comparing the prior year forecasts to the current year's results. We used our internal valuation specialists to: • Assess whether the discounted cash flow models applied by management are in line with standard acceptable valuation methodologies; • Independently recalculate the WACC rate and compared it to the WACC rate used by management to evaluate whether the assumptions used by management in determination of the WACC rate were reasonable; and • Perform an independent calculation of the discounted cash flow models by using independently obtained key input assumptions and compared the result to that of management's calculation. We compared the recoverable amounts tested to the carrying values of the CGUs to assess whether an impairment was required to be recognised. We evaluated the completeness, accuracy and relevance of disclosures against IAS 36 <i>Impairment of Assets</i> including the disclosures about sensitivities and major sources of estimation uncertainty. No material differences were noted.

Independent auditor's report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Salungano Group Limited Consolidated and Separate Annual Financial Statements for the year ended 31 March 2025", which includes the directors' report, the audit, risk and compliance committee report, and the Declaration by the company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

Independent auditor's report continued

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

Audit tenure

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

Reportable irregularities

In accordance with our responsibilities in terms of Sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in Note 46 to the consolidated and separate financial statements.

SizweNtsalubaGobodo Grant Thornton Inc

Registered Auditor

Director

Jeanine Nellmapius-Clarke

27 March 2026

152 14th Road
Noordwyk
Midrand
1687

Practice number: 946016

Statements of financial position

as at 31 March 2025

		GROUP		COMPANY	
	Notes	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Asset					
Non-current assets					
Property, plant and equipment	3	2 035 463	2 581 142	302	407
Right-of-use assets	4	2 551	5 118	2 551	3 826
Investment property	5	709	709	-	-
Intangible assets	7	1 796	2 985	190	587
Investments in subsidiaries	8	-	-	5 342	5 342
Loan to investee	11	56 244	15 957	15 957	15 957
Restricted investments	10	166 952	125 016	-	-
Loans to group companies	11	-	-	4 961	3 370
Financial asset at amortised cost	12	87 344	74 931	87 344	74 931
Deferred tax asset	13	410 656	271 393	25 948	16 539
Restricted cash	17	10 663	9 207	-	-
		2 772 378	3 086 459	142 595	120 959
Current assets					
Inventories	15	76 963	127 674	-	-
Loans to group companies	11	-	-	138 924	293 829
Trade and other receivables	16	644 426	678 322	30 896	72 761
Current tax receivable	33	17 337	3 656	7 253	3 049
Cash and cash equivalents	17	62 014	46 177	-	-
		800 740	855 829	177 072	369 639
Total assets		3 573 118	3 942 288	319 667	490 598
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	18	630 372	630 372	630 372	630 372
Retained loss		(615 569)	(625 982)	(971 816)	(963 480)
		14 803	4 390	(341 444)	(333 108)
Liabilities					
Non-current liabilities					
Lease liabilities	22	1 774	3 267	1 774	3 267
Trade and other payables	24	252 790			
Deferred tax liability	13	92 778	122 319	-	-
Loan from shareholder	21	9 225	8 068	-	-
Environmental rehabilitation provision	23	2 110 549	2 109 019	-	-
Loan from investee	25	206 622	206 622	-	-
		2 673 738	2 449 295	1 774	3 267
Current liabilities					
Trade and other payables	24	528 528	858 087	25 997	62 065
Interest-bearing borrowings	19	224 549	373 447	224 549	373 447
Financial liabilities at amortised cost	20	-	87 844	-	-
Loan from group companies	25	-	-	278 788	278 788
Lease liabilities	22	1 493	3 237	1 493	1 245
Current tax payable	33	-	59 879	-	-
Loan from shareholder	21	44 546	66 874	42 888	65 424
Bank overdraft	17	85 461	39 234	85 623	39 470
		884 577	1 488 603	659 337	820 439
Total liabilities		3 558 315	3 937 898	661 111	823 706
Total equity and liabilities		3 573 118	3 942 288	319 667	490 598

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2025

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Revenue	26	4 369 354	3 653 498	158 151	162 306
Revenue – Interest income	26	–	–	–	17 677
Cost of sales	27	(3 997 662)	(3 361 085)	–	–
Gross profit		371 692	292 413	158 151	179 982
Operating income	28	42 482	63 058	6	5
Movement in credit loss allowances	28	5 591	(282 250)	(33 494)	(181 289)
Impairment of property, plant and equipment	3	(326)	(37 358)	–	–
Impairment of goodwill	6	–	(49 660)	–	–
Impairment of investments in subsidiaries	8	–	–	–	(585 058)
Operating expenses		(230 859)	(294 745)	(97 896)	(117 103)
Operating (loss)/profit	28	188 581	(308 540)	26 767	(703 462)
Interest income	29	32 848	4 704	12 326	–
Finance costs	30	(266 645)	(287 661)	(53 806)	(73 038)
Gain on loss of control*	45	–	402 950	–	–
Profit/(loss) before taxation		(45 216)	(188 547)	(14 713)	(776 500)
Taxation	31	55 627	45 374	6 378	14 691
Profit/(loss) for the period		10 411	(143 173)	(8 335)	(761 809)
Total comprehensive income/(loss) for the period		10 411	(143 173)	(8 335)	(761 809)
Earnings per share					
Basic earnings/(loss) per share (cents)	42	2.54	(34.89)	–	–
Diluted earnings/(loss) per share (cents)	42	2.54	(34.89)	–	–

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Statements of changes in equity

for the year ended 31 March 2025

GROUP						
	Share capital R'000	Share-based payment reserve R'000	Other non- distributable reserve R'000	Total reserves R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2023	630 372	14 791	(27 113)	(12 322)	(497 472)	120 578
Loss for the period	-	-	-	-	(143 173)	(143 173)
Employees' share option scheme	-	(14 791)	-	(14 791)	14 662	(129)
Other reserves*	-	-	27 113	27 113	-	27 113
Balance as at 1 April 2024	630 372	-	-	-	(625 983)	4 389
Profit for the period	-	-	-	-	10 411	10 411
Balance as at 31 March 2025	630 372	-	-	-	(615 573)	14 801
Notes	18	38	38			

COMPANY						
	Share capital R'000	Share-based payment reserve R'000	Other non- distributable reserve R'000	Total reserves R'000	Retained loss R'000	Total equity R'000
Balance as at 1 April 2023	630 372	14 662	-	14 662	(216 330)	428 704
Loss for the period	-	-	-	-	(761 809)	(761 809)
Employees' share option scheme	-	(14 662)	-	(14 662)	14 662	-
Balance as at 1 April 2024	630 372	-	-	-	(963 477)	(333 105)
Loss for the period	-	-	-	-	(8 335)	(8 335)
Balance as at 31 March 2025	630 372	-	-	-	(971 812)	(341 440)
Notes	18	38				

* **Other reserves relates to other non-distributable reserve**

The reserve relates to issue of shares at a discount to its fair value, issued to Plusbay Limited as part of the acquisition of Xceed Resources Limited by Keaton Energy Holdings Limited in 2014. The reserve was recycled into the retained earnings in the prior year.

Statements of cash flows

for the year ended 31 March 2025

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Cash flows from operating activities					
Cash generated from operations	32	461 663	485 402	35 935	6 823
Interest income received	29	11 027	784	457	13 985
Finance costs paid	30	(47 586)	(90 034)	(47 343)	(74 366)
Tax (paid)/received	33	(186 737)	(97 934)	(7 234)	1 169
Net cash from operating activities		238 367	298 217	(18 186)	(52 389)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(59 035)	(82 216)	(148)	-
Proceeds on sale of property, plant and equipment		223	6	15	5
Loans advanced to investee	11	(51 584)	-	(10 238)	(76 072)
Loans repaid by investee	11	2 413	-	2 413	68 921
Purchase of rehabilitation investment	10	(28 460)	(52 169)	-	-
Loans repaid by group companies	11	-	-	249 972	260 424
Loans advanced to group companies	11	-	-	(139 659)	(100 023)
Deconsolidation**	45	-	(7 713)	-	-
Net cash from investing activities		(136 443)	(142 092)	102 355	153 255
Cash flows from financing activities					
Proceeds of loans from group companies	25	-	-	-	1 625
Repayments of loans from group companies	25	-	-	-	(7 275)
Repayment of loan from shareholder	21	(29 000)	-	(29 000)	-
Proceeds of loan from shareholder	21	-	50 000	-	50 000
Repayment of long-term borrowings	19	(100 077)	(98 447)	(100 077)	(98 447)
Repayment of financial liabilities	20	-	(36 208)	-	-
Repayment of lease liabilities	22	(3 237)	(3 219)	(1 245)	(1 028)
Net cash from financing activities		(132 314)	(87 874)	(130 322)	(55 125)
Total cash and cash equivalents movement for the period		(30 390)	68 251	(46 153)	45 742
Cash and cash equivalents at the beginning of the period*		6 943	(61 308)	(39 470)	(85 212)
Total cash and cash equivalents at the end of the period*	17	(23 447)	6 943	(85 623)	(39 470)

* Cash and cash equivalents include bank overdrafts that are payable on demand and form an integral part of the group and company's cash management, refer to note 17.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Notes to the consolidated and separate annual financial statements

for the year ended 31 March 2025

1. Presentation of the consolidated and separate financial statements

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, the Companies Act and the JSE Listings Requirements.

The material accounting policies adopted and the methods of computation used in the preparation of these consolidated financial statements are set out below and are consistent in all material respects with those applied during the previous year, except for those changes which have occurred as a result of the adoption of new and amended IFRS Accounting Standards, interpretations and circulars as disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African rands and are prepared in accordance with the recognition and measurement criteria of IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board – IFRS Accounting Standards in issue and effective for the entity as at 31 March 2025, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all entities, including structured entities, which are controlled by the group.

Control exists when the group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The use of available information and

the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The following judgements have been made by the group in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Mine rehabilitation provision

In applying IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, estimates for determining the present obligation of environmental and decommissioning provisions are required.

Environmental and decommissioning costs are provided for, where either a legal or constructive obligation is recognised as a result of the group's coal mining operation (refer to note 23).

Significant estimates and assumptions are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the inflation rate, the discount rate used and the expected date of closure of mining activities. Estimates are based on costs that are annually determined by independent environmental specialists in accordance with environmental regulations, and adjusted as appropriate for new circumstances.

Numerous factors will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes and environmental legislation changes.

Unwinding of discount due to the passage of time is included as an element of finance costs in arriving at profit or loss for the year in terms of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* (refer to note 23).

The present value of environmental disturbances created, as well as changes to estimates, are capitalised to mining assets against an increase in the rehabilitation provision.

Changes in estimates for operations in the development and production phase are capitalised and amortised over the life of mine ("LOM") on the units-of-production method. Rehabilitation costs incurred, which are included in the estimates, are charged to the provision. The cost of ongoing current rehabilitation is charged against income as incurred.

Notes to the consolidated and separate annual financial statements continued**1. Presentation of the consolidated and separate financial statements** continued**1.2 Significant judgements and sources of estimation uncertainty** continued**Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises assets and liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

The group recognises the net future tax benefit related to the deferred income tax asset to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to the expectation of future taxable income.

Impairment of property, plant and equipment

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The company regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values. The estimation of reserves impacts the depreciation and recoverable amount of property, plant and equipment. Furthermore, the valuation and timing of the rehabilitation expenditure are affected by the reserve estimates. Factors impacting the determination of proved and probable reserves are:

- the grade of mineral reserves may vary significantly from time to time (i.e. differences between actual grades mined and resource model grades);
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- expectations regarding future profitability would impact the decision to continue mining and consequently the continued classification as proved and probable mineral reserves (refer to note 3).

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. (Refer to notes 11, 16 and 36).

Impairment of goodwill

The recoverable amounts of cash-generating units ("CGUs") have been determined based on the value-in-use valuation method. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the group's estimations and may then require a material adjustment to the carrying value of goodwill. (Refer to note 6).

Going concern

Significant judgements and estimates were used when assessing the group's going concern. The following assumptions were applied in the cash flow forecasts:

- Meeting production and sales targets.
- Extension of the Neosho Trading 86 CSA with Eskom.
- Successful implementation of the section 155 plan.

Diesel Rebates

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

2. New standards and interpretations**2.1 Standards issued but not yet effective**

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2025 or later periods:

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve how information is communicated in financial statements by requiring an entity to classify income and expenses into categories based on their nature, disclosing management performance measures and introducing principles on aggregation and disaggregation including disclosure requirements for specified expenses by nature.

The amendment is expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2027.

Classification and measurement requirements for financial instruments: Amendments to IFRS 7 and IFRS 9

The amendment aims to enhance the clarity and consistency of accounting practices related to financial instruments with key changes including the recognition and derecognition of financial assets and liabilities, as well as the assessment of contractual cash flow characteristics.

The amendment is expected to have a material impact.

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

2. New standards and interpretations

Notes to the consolidated and separate annual financial statements continued

continued

2.1 Standards issued but not yet effective

continued

IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 aims to simplify financial reporting by reducing the disclosure burden to eligible subsidiaries while ensuring that financial statements remain useful to users. A subsidiary must meet these specific criteria:

- It must not have public accountability; and
- It must have a parent company that prepares consolidated financial statements available for public use which are compliant with IFRS Accounting Standards.

The amendment is not expected to have a material impact.

Effective date: 1 January 2027

Lack of Exchangeability (Amendments to IAS 21)

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

The amendment is not expected to have a material impact.

Effective date: Periods beginning on or after 1 January 2025.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 7 and IFRS 9)

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

The amendment is not expected to have a material impact.

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

2.2 Standards issued and effective in the current year**Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1)**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional was removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

In addition, an entity is required to disclose when a liability arising from a loan arrangement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.

The amendment did not have a material impact on the consolidated and separate financial statements for the year ended 31 March 2025.

Effective date: Periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback: Amendments to IFRS 16

The narrow scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right-of-use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendment did not have a material impact on the consolidated and separate financial statements for the year ended 31 March 2025.

Effective date: Periods beginning on or after 1 January 2024.

Disclosure of supplier finance arrangements (IAS 7 and IFRS 7 Amendments)

The amendments apply to supplier finance arrangements that have all the following characteristics. A finance provider pays amounts that a company (the buyer) owes its suppliers. A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. The company is provided with extended payment terms or the supplier benefits from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

Notes to the consolidated and separate annual financial statements continued**2. New standards and interpretations**

continued

2.2 Standards issued and effective in the current year continued

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7, requiring a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendment did not have a material impact on the consolidated and separate annual financial statements for the year ended 31 March 2025.

Effective date: Periods beginning on or after 1 January 2024.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2: Climate-related Disclosures

The International Sustainability Standards Board's first two standards are designed to be applied together, supporting entities to identify and report information that investors need for informed decision-making. The general standard provides a framework for entities to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, metrics and targets. Adopting the standards is dependent on local jurisdictions which will result in a different date of first application for different countries across the world. Voluntary adoption is permitted.

The effective date for application in South Africa has not been announced. Therefore, the group will not apply IFRS S1 and IFRS S2 from 1 January 2024.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	3 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	3 years
Mining properties, plant and machinery	Units-of-production	Estimated run of mine ("ROM") tonnes

Mining properties and mineral assets are depreciated on a unit-of-production basis, in proportion to the ROM tonnes of coal extracted in the year compared with total proven and probable reserves at the beginning of the year, once in the form intended for use by management. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently, which meet the recognition criteria, to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses. Land is not depreciated.

Property, plant and equipment are depreciated on the basis as disclosed below. Assets under construction include costs incurred with regard to mine development and are transferred to relevant asset classes when ready for their intended use. Mine development assets are initially measured at cost, and are subsequently assessed for impairment on an annual basis.

Notes to the consolidated and separate annual financial statements continued**3. Property, plant and equipment** continued**Accounting policies relating to property, plant and equipment** continued**Deferred stripping**

Stripping assets are depreciated over a fixed period of 12 months, being the average estimated time to mine through a production cut. The group identifies a production cut as a component, being the smallest measurable portion of the coal reserve within a pit, which the stripping activity provides direct access to and is usually identified through survey results. The depreciation period of 12 months is reviewed annually to ensure a relevant depreciation period is applied.

Depreciation of stripping assets will be accelerated where the strip ratio for the month is lower than the average LOM strip ratio less 15%. The objective of accelerating depreciation is to ensure stripping costs are appropriately allocated to units of coal production and to prevent deferral of stripping costs beyond the period of subsequently realising the benefit of the deferred stripping cost.

Impairment testing

The recoverable amounts of CGUs and individual assets have been determined based on the value-in-use valuation method. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the group's estimations and may then require a material adjustment to the carrying value of tangible assets, goodwill and intangible assets (refer to notes 6 and 7).

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Management performed an

assessment of whether or not there were any impairment indicators using the guidance in IAS 36: *Impairment of Assets* and notes the following impairment indicators:

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

Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating cash flows, the group bases cash flow projections on reasonable and supportable assumptions that represent the group's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets.

In estimating the recoverable amount, the group uses the discounted cash flow method. The discounted cash flows are estimated based on the following factors:

- LOM remaining reserves in the CGU;
- Estimated sales based on current contracts and expected new contracts;
- Estimated costs based on current contracts;
- Capital expenditure expected to be incurred to sustain the CGU; and
- Growth rate based on current economic factors.

The discount rates used are post-tax risk-adjusted weighted average cost of capital ("WACC").

The group utilises its WACC rate in assessing the impairment models. In determining the WACC rate for discounting, management utilised the year-end rates (which were natively higher due to the current market conditions). The rate was then further risk-adjusted to compensate for the uncertainties in the market.

Property, plant and equipment – composition and analysis

	GROUP					
	FY25			FY24		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
Land	115 113	–	115 113	115 113	–	115 113
Buildings	7 652	(5 395)	2 257	7 652	(5 287)	2 365
Furniture and fixtures	2 152	(1 681)	471	2 307	(1 860)	447
Motor vehicles	21 539	(18 255)	3 285	20 119	(17 443)	2 676
IT equipment	3 731	(3 364)	367	3 656	(3 050)	606
Mining properties, plant and machinery	3 219 778	(1 305 807)	1 913 971	3 657 601	(1 197 666)	2 459 935
Assets under construction	–	–	–	–	–	–
	3 369 965	(1 334 501)	2 035 463	3 806 448	(1 225 306)	2 581 142

Notes to the consolidated and separate annual financial statements continued3. Property, plant and equipment continued**Property, plant and equipment – composition and analysis** continued

	COMPANY					
	FY25			FY24		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
Furniture and fixtures	463	(383)	80	463	(341)	122
IT equipment	2 103	(1 881)	222	2 059	(1 775)	284
	2 567	(2 264)	302	2 522	(2 116)	407

In the current year, an adjustment of R1,794 million (2024: R1,738 million) was processed against the cost and accumulated depreciation of mining properties, plant and machinery to derecognise fully amortised deferred stripping assets and mine development assets, respectively.

Reconciliation of the carrying value of property, plant and equipment

	GROUP						
	Opening balance R'000	Additions* R'000	Disposals** R'000	Impair- ment R'000	Decon- solidation R'000	Depre- ciation R'000	Total R'000
FY25							
Land	115 114	-	-	-	-	-	115 114
Buildings	2 366	-	-	-	-	(108)	2 258
Furniture and fixtures	446	144	-	-	-	(120)	470
Motor vehicles	2 675	1 962	(180)	-	-	(1 173)	3 284
IT equipment	606	184	(9)	-	-	(414)	366
Mining properties, plant and machinery	2 459 936	94 334	(405 439)	(326)	-	(234 534)	1 913 971
Assets under construction	-	-	-	-	-	-	-
	2 581 143	96 624	(405 628)	(326)	-	(236 349)	2 035 463

* Included in additions are additions in relation to the rehabilitation assets of R37.6 million (2024: R234 million), refer to note 23.

** Included in disposals is mining machinery of Keaton Mining with a carrying amount of R162 million, which was surrendered to the lenders in settlement of the asset-based finance ("ABF") loan. In addition, a loss on settlement of the ABF loan of R33 million was recognised, refer to note 20. Excess proceeds realised by the lenders amounting to R49 million were applied to reduce the group's RCF, refer to note 19. Included in disposals is a change in estimate in relation to rehabilitation of R243 million, refer to note 23.

Notes to the consolidated and separate annual financial statements continued3. Property, plant and equipment continuedReconciliation of the carrying value of property, plant and equipment continued

	GROUP						
	Opening balance R'000	Additions R'000	Disposals R'000	Impairment R'000	Deconsolidation** R'000	Depreciation R'000	Total R'000
FY24							
Land	115 114	-	-	-	-	-	115 114
Buildings	2 917	-	-	-	(454)	(97)	2 366
Furniture and fixtures	757	-	-	-	(177)	(134)	446
Motor vehicles	4 006	703	-	-	(725)	(1 309)	2 675
IT equipment	1 058	111	-	-	(88)	(475)	606
Mining properties, plant and machinery	2 730 339	315 669	(269)	(37 358)	(310 897)	(237 549)	2 459 936
Assets under construction	2 037	-	-	-	(2 037)	-	-
	2 856 228	316 482	(269)	(37 358)	(314 378)	(239 563)	2 581 143

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

	COMPANY				
	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
FY25					
Furniture and fixtures	122	-	-	(42)	80
IT equipment	284	148	(9)	(200)	222
	407	148	(9)	(243)	302
FY24					
Furniture and fixtures	165	-	-	(42)	122
IT equipment	490	-	-	(205)	284
	654	-	-	(248)	407

Cash reconciliation of property, plant and equipment additions

	GROUP					
	FY25			FY24		
	Cash additions R'000	Non-cash additions R'000	Total additions R'000	Cash additions R'000	Non-cash additions R'000	Total additions R'000
Furniture and fixtures	144	-	144	-	-	-
Motor vehicles	1 962	-	1 962	703	-	703
IT equipment	184	-	184	111	-	111
Mining properties, plant and machinery	56 745	37 589	94 334	81 402	234 267	315 669
	59 035	37 589	96 624	82 216	234 267	316 482

Notes to the consolidated and separate annual financial statements continued**3. Property, plant and equipment** continued**Cash reconciliation of property, plant and equipment additions** continued

	COMPANY					
	FY25			FY24		
	Cash additions R'000	Non-cash additions R'000	Total additions R'000	Cash additions R'000	Non-cash additions R'000	Total additions R'000
IT equipment	148	–	148	–	–	–
	148	–	148	–	–	–

Property, plant and equipment encumbered as security

Under the refinanced debt package disclosed in long-term borrowings (refer to note 19), the group has encumbered all of its property, plant and equipment as noted above.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company.

Impairment and reversal of impairment

The group's mining operations have evolved significantly over the years, with significant amounts being capitalised to mining properties. Mining plans are continuously revised and updated in order to confirm that sufficient headroom exists. Management performs impairment assessments for all the operations within the group.

The impairment assessment model uses a value-in-use approach based on the future estimated cash flows discounted to net present value at a real post-tax discount rate over the projected LOM or expected project length.

The group assessed the energy crisis in South Africa and increasing prices and interest rates, and except for the Trading business, has found the impact to be minimal on the other operations. The reason for this being that the mining operations supply most of their coal to Eskom in terms of a long-term supply contract at Moabsvelden and a new contract for Vanggatfontein. Furthermore, the group has not made any material concessions or payment arrangements with customers.

Impairment inputs

The impairment model has been refined in line with IAS 36 of the accounting standards in determining the various inputs for the WACC calculation, which resulted in a more conservative WACC being used in the models, compared to an industry-aligned calculation. This also impacted the Trading impairment calculation significantly. Overall, the impairment tests were conducted more conservatively and were interrogated more stringently and rigorously by management in order to compensate for the uncertainty in the market and other Eskom contracts.

The impairment model has been evaluated per operation with a few of the key inputs remaining unchanged for the different operations.

General

- Post-tax discount rate: 15.75% (2024: 18.48%);
- Average inflation: 4.2% (2024: 4.5%) – all operations;
- Sales growth: Trading – 2.5% (2024: 2.5%); and
- Mining operations – the annual revenues forecast is based on the available saleable product driven by the LOM plan, with minimal stock holding.

Notes to the consolidated and separate annual financial statements continued**3. Property, plant and equipment** continued**Assumptions and inputs to the impairment test**

	Vanggatfontein	Moabsvelden
FY25		
LOM/project length	5 years	5 years
Capitalised cost	R242 million	R316 million
Nominal revenue growth assumptions	Index-driven 4.2%	Index-driven 4.2%
Nominal discount rate applied	15.75%	15.75%
Production volumes (tonnes)	16 651 952	16 688 438
Sensitivity	1% increase in cost is unlikely to result in an impairment	1% increase in cost is unlikely to result in an impairment
	Vanggatfontein	Moabsvelden
FY24		
LOM/project length	5 years	6 years
Capitalised cost	R362 million	R186 million
Nominal revenue growth assumptions	Index-driven 4.1%	Index-driven 4.2%
Nominal discount rate applied	18.48%	18.48%
Production volumes (tonnes)	16 348 891	20 216 934
Sensitivity	1% increase in cost is unlikely to result in an impairment	1% increase in cost is unlikely to result in an impairment

Through the performance of the impairment testing, the group determined that the impairment tests were more sensitive to changes in the cost of production than to changes in the discount rate. Key inputs are production output and costs, expected selling price, discount rate and LOM.

Changes of 1% in the discount rate to each of the models had an immaterial impact on the recoverable amount of the assets. An increase in production costs by 1% would result in an impairment for Moabsvelden and no impairment at Vanggatfontein.

There was no impairment recognised on the CGUs for the year ended 31 March 2025, as the recoverable amount was above the carrying amount.

Other information

The mining property addition included capitalised deferred stripping costs for Moabsvelden Mine of R45.5 million (2024: R63.6 million for Khanyisa, Elandspruit, Vanggatfontein and Moabsvelden) and the change in the rehabilitation estimate of negative R206 million (2024: R234 million positive).

Notes to the consolidated and separate annual financial statements continued**4. Right-of-use assets****Accounting policies relating to right-of-use assets**

Right-of-use assets are presented as a separate line item on the statements of financial position. The group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Right-of-use assets – composition and analysis

The group's cost of debt has been used as the incremental borrowing rate in calculating the right-of-use asset as well as the lease liabilities (refer to note 22).

The right-of-use assets were assessed for impairment as part of the CGUs noted under property, plant and equipment by including the cash flows associated with the right-of-use assets in the impairment assessment of these CGUs. The group determined that there were no material risks of impairment after taking the impact of the current economic events into account.

Net carrying amounts of right-of-use assets

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Buildings	2 551	5 118	2 551	3 826

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (refer to note 28).

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Buildings	(2 568)	(2 685)	(1 275)	(1 275)

Reconciliation of right-of-use assets

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
At the beginning of the year	5 118	7 803	3 826	5 101
Depreciation	(2 568)	(2 685)	(1 275)	(1 275)
Closing balance	2 551	5 118	2 551	3 826

Notes to the consolidated and separate annual financial statements continued**5. Investment property****Accounting policies relating to investment property**

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses from disposal of investment property are determined as the difference between net proceeds and the carrying amount of the asset and shall be recognised in profit or loss.

Investment property is carried at cost, less depreciation, less any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property – land	Indefinite

Investment property – composition and analysis

	GROUP					
	FY25			FY24		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Investment property	709	–	709	709	–	709

The amounts recognised in revenue (rental income) in relation to the investment property are disclosed in note 26.

The fair value was assessed at Level 2 on the fair value hierarchy and was based on comparable transactions in the area (market approach). The fair value of the property was valued at R980 000 (2024: R980 000). The valuation technique used in determining the fair value is the market approach. This approach is based on the principle of comparability and substitution. The valuation was done by an independent valuer, Mr Ockert Brits (registration number 6876/7) of ZSS Projects, which is not connected to the company and has recent experience in the location and category of the investment property being valued.

The investment property is held by the group's property investment company, Blanford 006 Proprietary Limited. The latest valuation performed has been deemed to be reflective of market conditions that existed at March 2025. The fair value was assessed in November 2024. Given that the investment type is land, there would not be a significant change in value from valuation date to year-end date.

Investment property encumbered as security

Under the refinanced debt package disclosed in long-term borrowings (refer to note 19), the group has encumbered all of its investment property as noted above.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company.

Notes to the consolidated and separate annual financial statements continued**6. Goodwill****Accounting policies relating to goodwill**

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or when an impairment indicator has been identified and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Impairment

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually. The impairment indicator in the current year was the lower-than-planned sales volumes as a result of a loss of some customers.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGUs to which the asset belongs is determined.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the CGUs.

An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation, or amortisation other than goodwill, is recognised immediately in profit or loss. An impairment can only be reversed up to the maximum amount that would have been recognised if the original impairment had not occurred.

Goodwill – composition and analysis

	GROUP					
	FY25			FY24		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	73 637	(73 637)	–	73 637	(73 637)	–

Reconciliation of goodwill

	GROUP					
	FY25			FY24		
	Opening balance R'000	Impairment loss R'000	Total R'000	Opening balance R'000	Impairment loss R'000	Total R'000
Goodwill	–	–	–	49 660	(49 660)	–

Notes to the consolidated and separate annual financial statements continued**6. Goodwill** continued**Significant judgements and assumptions made by management in applying the related accounting policies**

The recoverable amounts of CGUs have been determined based on the value-in-use valuation method. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact the group's estimations and may then require a material adjustment to the carrying value of goodwill.

Impairment of goodwill and intangible assets

Goodwill is allocated to the group's Trading segment. The group's enlarged coal trading business operates as one fully integrated segment.

The goodwill arose on the acquisition of Salungano Trading, a subsidiary of the group (refer to note 8). No impairment assessment was performed as at 31 March 2025, as the goodwill balance remains fully impaired. The goodwill was fully impaired in the prior year and continues to have a carrying amount of nil as at 31 March 2025 (2024: nil).

The recoverable amount of the relevant CGU is determined using cash flow projections from financial budgets approved by the directors, covering a two-year period (2024: two-year period), and applying an expected inflation and growth rate thereafter. This recoverable amount was determined using the value in use. The post-tax discount rate applied to cash flow projections is 15.75% (2024: 18.48%).

The group utilises its WACC rate in assessing the impairment models. In determining the WACC rate for discounting, management utilised the year-end rates.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin;
- Discount rates; and
- Growth rate used to extrapolate cash flows beyond the budget period.

As the goodwill balance was fully impaired in the prior financial year, no impairment assessment was required to be performed during the year ended 31 March 2025.

Gross margins

Gross margins are from the financial budget approved by the board of directors during March 2025, which correlates with recent historical rates. Gross margins are expected to range between 10% and 12% (2024: 22% and 22.5%). The decrease in the margin is due to the sales mix in the current year.

Discount rates

Discount rates represent the current market assessment of the risks specific to the industry, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Trading segment. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data for comparable companies.

Growth rate estimates

Rates are based on management's estimates and expectations of future operations. Annual continued growth assumed at 2.5% each year (2024: 2.5%) was used for the next five years, with no growth thereafter.

A sensitivity analysis was not performed in the current year as the goodwill was impaired to nil in the prior year.

Notes to the consolidated and separate annual financial statements continued**7. Intangible assets****Accounting policies relating to intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets (underground access rights and computer software) are carried at cost less any accumulated amortisation and any impairment losses. There are no intangible assets that have an indefinite useful life. The amortisation is provided on a straight-line basis over the useful life of the asset.

The amortisation period and the amortisation method for intangible assets are reviewed annually. Amortisation is provided to write down the intangible assets over their useful lives as follows:

Item	Amortisation method	Useful life
Underground access right	Units-of-production method	LOM
Computer software	Straight-line	3-5 years

Intangible assets – composition and analysis

	GROUP						
	FY25			FY24			
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Decon- solidation* R'000	Carrying value R'000
Underground access rights	–	–	–	7 513	(3 557)	(3 956)	–
Computer software	23 497	(21 701)	1 796	26 068	(22 575)	(508)	2 985
Total	23 497	(21 701)	1 796	33 582	(26 132)	(4 464)	2 985

	COMPANY						
	FY25			FY24			
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Decon- solidation* R'000	Carrying value R'000
Computer software	10 952	(10 762)	190	10 952	(10 365)	–	587

Notes to the consolidated and separate annual financial statements continued7. Intangible assets continued

Reconciliation of the carrying value of intangible assets

	GROUP					
	Opening balance R'000	Additions R'000	Transfers R'000	Decon- solidation* R'000	Amortisation R'000	Total R'000
FY25						
Computer software	2 985	-	-	-	(1 189)	1 796
Total	2 985	-	-	-	(1 189)	1 796
FY24						
Underground access rights	4 591	-	-	(3 956)	(634)	-
Computer software	6 510	-	-	(508)	(3 017)	2 985
Total	11 101	-	-	-	(3 651)	2 985

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

	COMPANY		
	Opening balance R'000	Amortisation R'000	Total R'000
FY25			
Computer software	587	(397)	190
FY24			
Computer software	1 627	(1 040)	587

Underground access right

During the 2017 financial year, the group entered into an agreement with Nungu Trading 341 Proprietary Limited obtaining the use of their access point for underground mining and the stockpile area to access the underground section of the Elandspruit Mine and dispose of the coal from the area. The group may use the stockpile yard for the temporary storage of coal mined, prior to it being transported to the processing plant.

The use of the access point and stockpile area is granted on a non-exclusive basis and will be used by both Nungu and the group for an estimated period of four years, whereafter the agreement will be renewed on a month-to-month basis. The right of use has been recognised as an intangible asset.

Notes to the consolidated and separate annual financial statements continued**8. Investments in subsidiaries****Accounting policies relating to investments in subsidiaries**

In the group's separate financial statements, interests in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of acquisition; plus
- any costs directly attributable to the purchase of the subsidiary.

Investments in subsidiaries – composition and analysis

The following table lists the entities which are controlled directly by the company and the carrying amounts of the investments in the company's separate financial statements. All subsidiaries of the group have a 31 March year-end.

Name of company	Held by	COMPANY			
		Holding		Carrying amount	
		FY25 %	FY24 %	FY25 R'000	FY24 R'000
Keaton Energy Holdings Limited*	Salungano Group Limited	100	100	-	-
Salungano Trading Proprietary Limited*	Salungano Group Limited	100	100	5 342	5 342
Wescoal Mining Proprietary Limited** (in business rescue)	Salungano Group Limited	100	100	-	-
Salungano Resources Proprietary Limited	Salungano Group Limited	100	100	-	-
Salungano Power Proprietary Limited	Salungano Group Limited	100	100	-	-
Blanford 006 Proprietary Limited	Salungano Trading Proprietary Limited	100	100	-	-
Proudafrique Trading 147 Proprietary Limited	Wescoal Mining Proprietary Limited (in business rescue)	100	100	-	-
Keaton Mining Proprietary Limited	Keaton Energy Holdings Limited	100	100	-	-
Leeuw Braakfontein Colliery Proprietary Limited	Keaton Energy Holdings Limited	100	100	-	-
Labohlano Trading 46 Proprietary Limited	Keaton Energy Holdings Limited	100	100	-	-
Wescoal Share Incentive Trust	Salungano Group Limited	100	100	-	-
Neosho Trading 86 Proprietary Limited	Keaton Energy Holdings Limited	100	100	-	-
Salungano Agriculture Proprietary Limited	Salungano Group Limited	100	100	-	-
				5 342	5 342

* The group assesses at the end of the reporting period whether there is any indication that the assets may be impaired (refer to notes PPE and Goodwill). For the financial year ended 31 March 2025, there was no impairment raised on investment in subsidiaries as the recoverable amount of Salungano Trading Proprietary Limited was higher than the carrying value. In the prior year, there was an impairment of R61 million in the investment in Salungano Trading Proprietary Limited and an impairment of the investment in Keaton Energy Holdings Limited of R523 million was also recognised after the Keaton Mining and Labohlano investments held by Keaton Energy Holdings Limited were impaired resulting in a negative net asset value.

** The group has lost control over the investment in Wescoal Mining due to the company going into business rescue. Wescoal Mining has subsequently been reclassified as an equity-accounted investment held at profit through loss (refer to notes 9 and 45).

Notes to the consolidated and separate annual financial statements continued**8. Investments in subsidiaries** continued**Subsidiaries pledged as security**

The company's shares in all its subsidiaries have been pledged to Nedbank CIB as security for loans granted.

Other information

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held.

The country of incorporation and place of business of the parent company and all subsidiaries is South Africa.

The proportion of ordinary shares held by the group equals the proportion held by each individual parent company.

Name of company	Nature of business	Segment FY25	Segment FY24
Salungano Group Limited	Investments in coal mining operations	Investment holding	Investment holding
Keaton Energy Holdings Limited	Investments in coal mining operations	Investment holding	Investment holding
Wescoal Mining Proprietary Limited (in business rescue)	Mining, processing and selling of coal	Mining	Mining
Keaton Mining Proprietary Limited	Coal mining and exploration	Mining	Mining
Neosho Trading 86 Proprietary Limited	Mining, exploration of coal	Mining	Mining
Proudafrique Trading 147 Proprietary Limited	Investment in coal exploration activities. The entity is currently dormant.	Property rental and other	Property rental and other
Salungano Power Proprietary Limited	Coal exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Salungano Resources Proprietary Limited	Sourcing and processing of low-grade coal. The entity is currently dormant.	Property rental and other	Property rental and other
Blanford 006 Proprietary Limited	Property investment	Property rental and other	Property rental and other
Leeuw Braakfontein Colliery Proprietary Limited	Coal mining and exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Labohlano Trading 46 Proprietary Limited	Coal mining and exploration. The entity is currently dormant.	Property rental and other	Property rental and other
Wescoal Share Incentive Trust	Share incentive trust	Property rental and other	Property rental and other
Salungano Trading Proprietary Limited	Buying, transport and selling of coal	Trading	Trading
Salungano Agriculture Proprietary Limited	Agriculture	Property rental and other	Property rental and other

Notes to the consolidated and separate annual financial statements continued**9. Financial assets held at fair value through profit or loss****Accounting policies relating to financial assets held at fair value through profit and loss****Classification**

The group classifies financial assets based on the business model for managing the asset and the asset's contractual cash flow characteristics. Financial assets that are an equity instrument in another entity and not held for collecting principal or interest or trading of the instruments are classified as financial assets held at fair value through profit and loss.

Recognition and measurement

Financial assets are measured at fair value at initial recognition. Any transaction costs incurred are expensed in the profit and loss statement.

The financial asset is subsequently measured at fair value. Gains and losses are recognised through profit and loss in the Statement of Profit or Loss and Other Comprehensive Income.

Financial asset held at fair value through profit or loss – composition and analysis

Name of company	GROUP			
	Ownership interest		Carrying amount	
	FY25 %	FY24 %	FY25 R'000	FY24 R'000
Wescoal Mining Proprietary Limited (in business rescue)	100	100	-	-
	100	100	-	-

On 25 August 2023, the group resolved to voluntarily commence business rescue proceedings for its wholly owned subsidiary Wescoal Mining ("the subsidiary"), pursuant to Section 129(1) of the Companies Act.

Having considered the requirements of IFRS 10 and the relevant provisions in the Companies Act, the directors have determined that the group no longer meets the requirements for 'control' over Wescoal Mining and its subsidiary (Proudafrique Trading 147 Proprietary Limited). In terms of section 140 of the Companies Act, the three business rescue practitioners took full management and control over the company since their official appointment at CIPC on 28 August 2023 ("date of loss of control"). As a result, the investment is accounted for in accordance with IFRS 9 and designated to fair value through profit and loss. The decision to deconsolidate Wescoal Mining and its subsidiary constitutes a significant judgement. (Refer to note 45 for more details).

10. Restricted investments**Accounting policies relating to investments in debt instruments at fair value through profit or loss****Classification**

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The group holds investments in a rehabilitation investment portfolio through a number of investment instruments which are mandatorily at fair value through profit or loss.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, and subsequently, at fair value. Transaction costs are recognised in profit or loss. Fair value gains or losses are included in other operating gains/(losses) (refer to note 28). Details of the valuation policies and processes are presented in note 36. Interest received on debt instruments at fair value through profit or loss is included in interest income (refer to note 29).

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

The following investments are segregated assets held within the entity which holds the mining right and incurs the liability for rehabilitation. These investments are restricted in use for the rehabilitation expenses which have been provided for under the rehabilitation provision (refer to note 23).

Notes to the consolidated and separate annual financial statements continued**10. Restricted investments** continued**Investments in debt instruments at fair value through profit or loss – composition and analysis**
continued

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

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Debt investments at fair value through profit or loss	166 952	125 016	–	–
Mandatorily at fair value through profit or loss				
Rehabilitation investment portfolio	166 952	125 016	–	–
	166 952	125 016	–	–
Split between non-current and current portions				
Non-current assets	166 952	125 016	–	–

	GROUP				
	Opening balance R'000	Decon- solidation R'000	Additional investments R'000	Investment return R'000	Total R'000
FY25					
Rehabilitation investment portfolio	125 016	–	28 460	13 476	166 952
FY24					
Rehabilitation investment portfolio	148 335	(85 691)	52 169	10 202	125 016

The unit trust investments are fair value through profit or loss financial assets and are recognised at fair value.

The investment portfolio is made up of the following investment instruments:

	GROUP			
	FY25 R'000	FY25 Credit rating	FY24 R'000	FY24 Credit rating
Centriq Investments	166 952	AA	125 016	AA
	166 952		125 016	

Fair value information

Fair value is determined based on the published unit prices of the underlying unit trust and therefore falls within Level 1 of the IFRS Accounting Standards fair value hierarchy.

Investments pledged as security

These investments are pledged as security for environmental rehabilitation guarantees issued on behalf of the group.

Risk exposure

The group's exposure to equity securities price risk arises from the underlying unit trust investments held by the group (refer to note 36 for details of risk related to securities).

Notes to the consolidated and separate annual financial statements continued**11. Loans to group companies****Accounting policies relating to loans to group companies****Classification**

Loans to group companies are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans to group companies are recognised when the group becomes a party to the contractual provisions of the loans. Loans to group companies are measured, at initial recognition, at fair value plus transaction costs. Loans to group companies and other receivables are subsequently measured at amortised cost.

Credit risk

Details of credit risk related to loans to group companies are included in the specific notes and financial instruments and risk management (refer to note 36).

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans to investee – composition and analysis				
Loans that are interest-free and have no fixed terms of repayment*				
Wescoal Mining Proprietary Limited (in business rescue)	56 244	15 957	15 957	15 957
	56 244	15 957	15 957	15 957
Loans to group companies – composition and analysis				
Loans that are interest-free and have no fixed terms of repayment*				
Keaton Energy Holdings Limited	–	–	138 886	288 523
Blanford 006 Proprietary Limited	–	–	4 286	2 939
Salungano Agriculture Proprietary Limited	–	–	38	338
Neosho Trading 86 (Proprietary) Limited	–	–	–	4 968
Keaton Mining (Proprietary) Limited	–	–	675	431
	–	–	143 885	297 199

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

Inter-group loans were interest-bearing until September 2023 when the inter-group loans agreement was amended to interest-free and have no fixed terms of repayment. Interest was being on-charged to the subsidiaries which utilise the group's funding facilities. The following entities were charged interest in FY24:

- Wescoal Mining Proprietary Limited (in business rescue); and
- Keaton Energy Holdings Proprietary Limited.

Loan modification

During FY24, the company modified the contractual terms of its intercompany loans by going from interest-bearing to interest-free and no fixed terms of repayment as disclosed above. The company assessed this modification in accordance with IFRS 9 and determined that it was not substantial, as the difference in the present value of the modified cash flows discounted at a market-related interest rates and the present value of the original cash flows was below the 10% threshold. These were market-related interest rates and the present value of the original cash flows was below the 10% threshold. These were therefore accounted for as non-substantial modifications.

Notes to the consolidated and separate annual financial statements continued**11. Loans to group companies** continued**Classification of loans to investee**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Non-current assets*	56 244	15 957	15 957	15 957
Current assets	-	-	-	-
	56 244	15 957	15 957	15 957

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

Classification of loans to group companies

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Non-current assets*	-	-	4 961	3 370
Current assets	-	-	138 924	293 829
	-	-	143 885	297 199

* The Keaton Mining and Blandford loans have been classified as non-current repayment is expected after 12 months.

Loans to group companies and investee pledged as security

Inter-company loans receivable have been pledged as security for financing provided by Nedbank CIB (refer to note 19).

Loans to investee – reconciliation

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans advanced to investee				
Opening balance	15 957	-	15 957	-
Transfer of loan	-	181 323	-	173 160
Loans advanced	51 585	-	10 238	76 072
Loans repayment	(2 413)	-	(2 413)	(68 921)
Interest accrued	-	7 316	-	7 316
Interest received	-	(7 316)	-	(7 316)
Expected credit loss	(8 885)	(165 366)	(7 825)	(164 354)
Closing balance	56 244	15 957	15 957	15 957

Notes to the consolidated and separate annual financial statements continued11. Loans to group companies continued

Loans to group companies

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans advanced to group companies				
Opening balance	-	-	297 199	602 717
Reclassification of loan	-	181 323	-	-
Loans advanced	-	-	139 661	100 023
Loans repayment	-	-	(249 972)	(260 424)
Interest accrued	-	-	-	6 562
Interest received	-	-	-	(6 562)
Non-cash payment*	-	-	(48 822)	-
Transfer to loan to investee**	-	(181 323)	-	(173 160)
Expected credit loss movement*	-	-	5 820	28 043
Closing balance	-	-	143 885	297 199

* This is a non-cash movement.

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Loans to group companies and investee – cash reconciliation

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Split between cash and non-cash movement				
Non-cash movement	(8 885)	(165 366)	(50 827)	(136 311)
Cash movement – loans to investee	49 172	-	7 825	7 151
Cash movement – loans to group companies	-	-	(110 311)	(160 401)

Exposure to credit risk

The risk that loans to subsidiaries will not perform as expected and result in a loss to the company can be defined as a credit risk. Loans to subsidiaries are provided by the company as a general borrowing to fund ongoing operating activities. The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to subsidiaries.

Notes to the consolidated and separate annual financial statements continued**11. Loans to group companies** continued**Credit rating framework**

Management determines the credit rating grades of all loans at the end of the reporting period in order to determine the credit loss allowance. As external ratings are not available, these ratings are determined internally. As part of management's evaluation of a group company's ability to repay its debt, a variety of factors are considered. Profitability, debt-to-equity ratio, cash flow liquidity, solvency test and the ability to generate future cash flows are a few of the factors considered.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses".

Internal credit grade	Description	Basis for recognising ECL
Performing	Low risk of default and insufficient highly liquid assets to repay the loan on demand.	12-month ECL
Doubtful	Either 30 days past due or insufficient highly liquid assets to repay loan on demand, however, the carrying value of the assets is greater than the loan amount taking debt seniority into account.	Lifetime ECL (not credit-impaired)
In default	Either 90 days past due or the carrying value of the assets is less than the loan amount, however, lifetime operational cash flows exceed or has the potential to exceed the loan amount. These instruments have evidence that the instrument should be impaired.	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. These instruments are fully (or partially) derecognised to the extent that there is no longer a reasonable expectation of recovery.	Amount is written off

Inter-company loans

The company applies a combined approach to determine the ECL for intercompany loans. ECL is calculated using historical data (12 months and 36 months, respectively) as well as forward-looking data. The calculation of the ECL is based on each individual company within the group's historical default rates observed over the expected life of the loans, adjusted for factors that are specific to the company, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. This is done to allow for risk differentiation going forward and to enable the implementation of the risk management strategy.

IFRS 9 requires the company to measure the ECL at a probability-weighted amount that reflects the possibility that a credit loss occurs, and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low. In assessing the ECL on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid before) to repay the outstanding intercompany loan. If the loan was demanded at the reporting date; the probability of default would approximate 0%; and
- If it was determined that the borrower does not have sufficient highly liquid current assets to repay the loan if demanded at the reporting date, the company would allow these borrowers to continue trading or to sell assets over a period of time. A cash flow forecast was reviewed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period.

The ECL was limited to the effect of discounting the amount due on the loan over the period until cash is realised and repaid to the company. IFRS 9 requires the discount rate to be the loan's effective interest rate. As these loans are expected to be recovered over the next 12 months, the effect of discounting over the recovery period had an immaterial effect.

Notes to the consolidated and separate annual financial statements continued**11. Loans to group companies** continued**Loan to investees and subsidiaries**

The following table sets out the carrying amount, loss allowance, and measurement basis of ECL for group loans receivable by credit rating grade:

			GROUP		
Loans to investee	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY25					
Wescoal Mining Proprietary Limited (in business rescue)	Doubtful	Lifetime ECL (not credit-impaired)	229 480	(173 236)	56 244
Proudafrique Trading 147 Proprietary Limited	Write off	Amount is written off	1 016	(1 016)	–
			230 496	(174 252)	56 244
FY24					
Wescoal Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	180 307	(164 350)	15 957
Proudafrique Trading 147 Proprietary Limited	Write off	Amount is written off	1 016	(1 016)	–
			181 323	(165 366)	15 957
			COMPANY		
Loans to subsidiaries	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY25					
Blanford 006 Proprietary Limited	Performing	12-month ECL	4 325	(39)	4 286
Salungano Agriculture Proprietary Limited	Performing	12-month ECL	38	–	38
Keaton Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	1 200	(525)	675
Keaton Energy Holdings Limited (non-interest-bearing)	Performing	12-month ECL	144 647	(5 761)	138 886
			150 210	(6 325)	143 885
FY24					
Blanford 006 Proprietary Limited	Performing	12-month ECL	2 958	(19)	2 939
Neosho Trading 86 Proprietary Limited	Performing	12-month ECL	5 000	(32)	4 968
Salungano Agriculture Proprietary Limited	Performing	12-month ECL	338	–	338
Keaton Mining Proprietary Limited	Doubtful	Lifetime ECL (not credit-impaired)	1 200	(769)	431
Keaton Energy Holdings Limited (non-interest-bearing)	Performing	12-month ECL	299 847	(11 324)	288 523
			309 343	(12 144)	297 198

Notes to the consolidated and separate annual financial statements continued**12. Financial assets at amortised cost****Accounting policies relating to other receivables****Classification**

Other receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Other receivables are recognised when the group becomes a party to the contractual provisions of the loan. Other receivables are measured, at initial recognition, at fair value plus transaction costs. Loans to group companies and other receivables are subsequently measured at amortised cost.

Credit risk

Details of credit risk related to other receivables are included in the specific notes and the financial instruments and risk management (refer to note 36).

Financial assets at amortised cost – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Class B preference shares	87 344	74 931	87 344	74 931
Split between non-current and current portions				
Non-current assets	87 344	74 931	87 344	74 931
Current assets	–	–	–	–
	87 344	74 931	87 344	74 931
Class B preference shares	35 500	35 500	35 500	35 500
Accumulated preference share dividend	52 729	40 860	52 729	40 860
Expected credit loss	(885)	(1 430)	(885)	(1 430)
	87 344	74 931	87 344	74 931

Exposure to credit risk

Other receivables inherently expose the group to credit risk, being the risk that the group will incur financial losses if counterparties fail to make payments as they fall due.

The ECL was determined by management based on a probability of default of 8.85% (2024: 8.39%) and a loss given default of 24% (2024: 24%). The group uses the Absa credit risk report to determine the probability of default and loss given default.

Notes to the consolidated and separate annual financial statements continued12. Financial assets at amortised cost continued**Credit loss allowances**

The following table sets out the carrying amount, loss allowance and measurement basis of ECL for other receivables by credit rating grade:

			GROUP		
	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY25					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	88 229	(885)	87 344
			88 229	(885)	87 344
FY24					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	76 360	(1 430)	74 931
			76 360	(1 430)	74 931

			COMPANY		
	Internal credit rating	Basis of loss allowance	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
FY25					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	88 229	(885)	87 344
			88 229	(885)	87 344
FY24					
Class B preference shares	Doubtful	Lifetime ECL (not credit-impaired)	76 360	(1 430)	74 931
			76 360	(1 430)	74 931

On 20 December 2016, the company provided funding to K2016316243 (South Africa) Proprietary Limited ("Broad-based Black Economic Empowerment ("B-BBEE")) ("structured entity") by subscribing for class B cumulative redeemable preference shares in the B-BBEE structured entity for an aggregate amount of R35.5 million.

A cumulative preferential cash dividend shall be payable in respect of each class B preference share and shall be deemed to accrue daily at the prime interest rate plus 1%, and be compounded monthly. If the preference share dividends are not paid, they are capitalised to the preference share investment and an additional 2% as a default rate is accrued.

The scheduled redemption date for the class B preference shares is the fifth anniversary of the date on which the class B preference shares were issued to the company. The B-BBEE structured entity provided certain security in connection with the class B preference share subscription agreement to Salungano, which security will rank behind the Industrial Development Corporation's ("IDC") security.

At the end of November 2021, the B-BBEE special purpose vehicle ("SPV") requested an extension of the preference share funding provided by Salungano which was due to be repaid in December 2021 as per the B cumulative redeemable preference share agreement.

Notes to the consolidated and separate annual financial statements continued**12. Financial assets at amortised cost** continued**Credit loss allowances** continued

The reason cited for the request was the previous poor financial performance of Salungano resulting in the company not being able to declare dividends for the B-BBEE SPV to service the funding in the manner anticipated when the funding was advanced.

The extension request for this transaction is classified as financial assistance in terms of sections 44 and 45 of the Companies Act. The Salungano directors approved the request through a resolution by the shareholders at the AGM held on 4 October 2022 which authorises the company to provide financial assistance. The extension granted was for a period of three years.

In July 2025, the SPV requested a further extension of three years, which is being considered by the company. There is no intention to call on the receivable at the moment.

13. Deferred tax**Accounting policies relating to deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit/(loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Deferred tax (liability)/asset				
Accelerated capital allowances for tax purposes	(508 682)	(644 876)	(624)	(975)
Rehabilitation provision	569 848	569 435	-	-
Tax losses available for set-off against future taxable income	155 151	153 791	6 597	5 237
Prepayments	(40)	(1 404)	-	(1 401)
Provision for expected credit loss	55 021	25 714	15 635	9 204
Income received in advance	22	30	-	-
Lease liability	545	1 480	882	1 218
Provisions	9 229	8 665	3 459	3 256
Right-of-use assets	-	-	-	-
Unredeemed capital expenditure	36 784	36 239	-	-
Total deferred tax (liability)/asset	317 878	149 074	25 948	16 539
Deferred tax liability	(92 778)	(122 319)	-	-
Deferred tax asset	410 656	271 393	25 948	16 539
Total deferred tax (liability)/asset	317 878	149 074	25 948	16 539

Notes to the consolidated and separate annual financial statements continued**13. Deferred tax** continued**Reconciliation of deferred tax (liability)/asset**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
At the beginning of the year	149 074	178 577	16 539	2 570
Deconsolidation*	–	(187 508)	–	–
Charge to statement of profit or loss and other comprehensive income	168 804	158 005	9 409	13 969
Total deferred tax (liability)/asset	317 878	149 074	25 948	16 539

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

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

Management has concluded that the deferred tax assets will be recoverable through future taxable profits. Based on current profitability forecasts, the group is expected to utilise the deferred tax assets from the 2026 financial year onwards.

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

14. Prepaid royalty

Wescoal Mining prepaid R1.50 per tonne of the royalty that was due to Proudafrique before the 100% acquisition of Elandspruit in 2015. This prepayment amounted to R12.9 million and is amortised on a units-of-production method over the life of the Elandspruit Mine.

Reconciliation of prepaid royalty

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Opening balance	–	2 440	–	–
Amortisation	–	(132)	–	–
Deconsolidation*	–	(2 308)	–	–
	–	–	–	–

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

Notes to the consolidated and separate annual financial statements continued**15. Inventories****Accounting policies relating to inventories**

Inventories, which include coal run of mine ("ROM") and product stockpiles and consumables, are measured at the lower of cost and net realisable value on the weighted average cost basis.

The cost of inventories is determined by reference to all costs of purchase, direct mining expenditure and an appropriate portion of overhead expenditure, including directly related depreciation, transport and other costs incurred in bringing the inventories to their present location and condition. Borrowing costs are not capitalised to inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

A write-down to net realisable value is required when the carrying amount of inventories exceeds the net realisable value. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

No portion of inventory is non-current. ROM stockpiles are utilised by the processing plant in the ongoing production process. Inventory stockpiles consist of saleable coal processed by the washing or crushing and screening plant.

Inventories – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Raw materials, components	255 689	246 658	-	-
Finished goods	58 223	66 393	-	-
Production supplies	466	2 566	-	-
	314 377	315 617	-	-
Cumulative inventories written off*	(237 414)	(187 944)	-	-
	76 963	127 674	-	-

* Inventory amounting to R49 million (2024: R188 million) was written off due to spontaneous combustion; the amounts were expensed under cost of sales. (Refer to note 27).

16. Trade and other receivables**Accounting policies relating to trade and other receivables****Classification**

Trade receivables, excluding, when applicable, value added tax and prepayments, are classified as financial assets subsequently measured at amortised cost.

Trade receivables have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade receivables.

Recognition and measurement

Trade receivables are recognised when the group becomes a party to the contractual provisions of the receivables. Trade receivables are measured, at initial recognition, at fair value plus transaction costs.

Trade receivables are subsequently measured at amortised cost.

Notes to the consolidated and separate annual financial statements continued**16. Trade and other receivables** continued**Impairment**

The group recognises a loss allowance for ECL on trade receivables, excluding value added tax and prepayments. The amount of ECL is updated at each reporting date.

The group measures the loss allowance for trade receivables that do not contain a significant financing component at an amount equal to lifetime ECL. The loss allowance for all other trade receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

Definition of default

For purposes of internal credit risk management, the group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The group applies the simplified approach as a practical expedient to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The ECL on these financial assets is estimated using a provision matrix by reference to past default experience adjusted for factors that are specific to the debtor and also adjusted as appropriate for current observable data and forward-looking information.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade receivables.

Trade and other receivables – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Financial instruments				
Trade receivables	624 353	639 607	97 947	103 420
Loss allowance	(63 598)	(77 530)	(67 541)	(35 507)
Trade receivables at amortised cost	560 755	562 077	30 406	67 913
Deposits	4 974	1 036	62	62
Other receivable	4 527	1 625	427	640
Other receivable	4 527	1 625	10 099	10 312
Loss allowance	–	–	(9 672)	(9 672)
Non-financial instruments				
Value added tax*	46 520	100 989	–	543
Prepayments	27 650	12 595	1	3 603
Total trade and other receivables	644 426	678 323	30 896	72 761

* A reversal of R76 million was processed relating to diesel rebates disallowed by SARS (refer to note 40).

Notes to the consolidated and separate annual financial statements continued16. Trade and other receivables continued**Financial instrument and non-financial instrument components of trade and other receivables**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
At amortised cost	570 256	564 738	30 895	68 615
Non-financial instruments	74 170	113 584	1	4 146
	644 426	678 323	30 896	72 761

Trade and other receivables pledged as security

The full balance of trade receivables has been pledged to Nedbank and Standard Bank under the refinanced borrowings agreement.

Exposure to credit risk

Credit risk is the risk that counterparties or customers may fail to meet their obligations, resulting in a loss to the group.

Trade receivables are divided into two classes, namely those relating to the group's mining activities conducted by Neosho Trading 86 and Keaton Mining and those relating to Salungano Trading's trading activities. Trade receivables for these classes are summarised in the table below (including inter-group receivables):

	GROUP							
	Mining FY25 R'000	Trading FY25 R'000	Investment holding FY25 R'000	Property rental and other FY25 R'000	Mining FY24 R'000	Trading FY24 R'000	Investment holding FY24 R'000	Property rental and other FY24 R'000
Keaton Mining Proprietary Limited	91 381	-	-	-	42 768	-	-	-
Salungano Trading Proprietary Limited	-	28 702	-	-	-	43 436	-	-
Neosho Trading 86 Proprietary Limited	708 117	-	-	-	691 125	-	-	-
Salungano Group Limited	-	-	97 947	-	-	-	103 420	-
Keaton Energy Holdings Limited	-	-	4 519	-	-	-	32 793	-
Other*	-	-	-	12 907	-	-	-	3 141
	799 498	28 702	102 467	12 907	733 893	43 436	136 213	3 141

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

The group's sales to Eskom made up 74% (2024: 61%) of the Mining division's trade receivables balance at year-end. Eskom has a history of no defaults and a credit rating of B+ (2024: B). The balance of the trade receivables (26%) represents sales to the private sector. On the basis of historical data regarding the outstanding debtor's balances of more than 90 days, management has estimated a material amount, which was evaluated as a loss given default rate of 100% and a probability of default of 100% (2024: 100%).

Trade receivables in Salungano Trading consist mainly of a number of customers from widespread and diverse industries. Customers include government institutions and private sector and mining entities with no history of default.

The group evaluates customers prior to the granting of credit. Each entity has a unique customer base that contributes to different levels of credit exposure. Entities manage credit exposure by applying prudent credit limits and constant evaluation of credit behaviour. If customers are independently rated, these ratings are used (see above). Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position and past experience. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Compliance with credit limits is monitored monthly in conjunction with the analysis of the receivables' ageing report.

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

Notes to the consolidated and separate annual financial statements continued**16. Trade and other receivables** continued**Exposure to credit risk** continued

The maximum exposure to credit risk is the carrying value of financial assets. Based on the nature of the risk against the credit risk exposure, no additional collateral is generally taken against the credit risk exposures.

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

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024.

GROUP						
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
Public sector	B	12.58%	27.00%	484 333	(2 405)	No
Corporate	AAA to CCC/C	2.32%	28.00%	42 535	(12 204)	No
SME corporate	AAA to CCC/C	8.39%	24.00%	97 636	(47 817)	No
SME corporate – over 90 days	AAA to CCC/C	100.00%	100.00%	15 104	(15 104)	Yes
				639 607	(77 530)	

COMPANY						
	Equivalent to external credit rating	PD %	Average LGD %	Gross carrying amount R'000	Impairment loss allowance R'000	Credit-impaired
SME corporate	AAA to CCC/C	8.39%	24.00%	2 091	(215)	No
SME corporate – over 90 days	AAA to CCC/C	2.32%	28.00%	101 329	(35 292)	No
				103 420	(35 507)	

Refer to note 36 for further information regarding credit risk factors.

Notes to the consolidated and separate annual financial statements continued**17. Cash and cash equivalents****Accounting policies relating to cash and cash equivalents and bank overdrafts**

Cash and cash equivalents are stated at the carrying amount which is deemed to be fair value.

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents are defined as cash on hand and deposits held on call with banks. Cash and cash equivalents exclude restricted cash.

Cash and cash equivalents and bank overdrafts – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Cash and cash equivalents consist of:				
Cash on hand	134	94	–	–
Bank balances	61 880	46 084	(162)	–
Bank overdraft	(85 461)	(39 234)	(85 461)	(39 470)
	(23 447)	6 943	(85 623)	(39 470)
Current assets	62 014	46 177	–	–
Current liabilities	(85 461)	(39 234)	(85 623)	(39 470)
	(23 447)	6 943	(85 623)	(39 470)
Cash and cash equivalents are pledged as security in favour of the lenders, Nedbank and Standard Bank. The group deals with reputable banks in South Africa with a current national long-term rating of AA+ (2024: AA+). The average interest rate on bank balances approximates 0.1% (2024: 0.1%) per annum.				
Restricted cash				
Cash and cash equivalents held by the entity that are not available for use by the group	10 663	9 207	–	–

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

Overdraft facilities

The average interest rate on bank overdrafts approximates 12.7% (2024: 13.3%) per annum and is mostly determined based on three-month JIBAR plus 525 basis points.

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Total amount of approved overdraft facilities	90 000	90 000	90 000	90 000
The total amount of undrawn facilities available for future operating activities and commitments	4 539	50 766	4 539	50 530

Notes to the consolidated and separate annual financial statements continued**18. Share capital****Accounting policies relating to share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share capital and equity – composition and analysis

	GROUP		COMPANY	
	FY25	FY24	FY25	FY24
Authorised share capital				
Ordinary Shares ('000)	1 000 000	1 000 000	1 000 000	1 000 000
Reconciliation of number of shares issued ('000)				
Reported as at 31 March	410 408	410 408	410 408	410 408
	410 408	410 408	410 408	410 408

Unissued ordinary shares

Altogether, 580 083 146 (2024: 580 083 146) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last AGM. This authority remains in force until the next AGM.

The Wescoal Share Incentive Trust is consolidated into the group and company. The shares held by the trust are treated as treasury shares in the group and company. The number of unissued trust shares as at 31 March 2025 is 9 508 000 (2024: 9 508 000). No shares were issued from the treasury shares held by the trust in respect of options exercised.

Issued

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Ordinary	630 372	630 372	630 372	630 372

The directors were authorised to issue shares, allot and grant share options to a maximum of 580 083 146 (2024: 580 083 146) ordinary shares for cash.

19. Interest-bearing borrowings**Accounting policies relating to borrowings****Classification**

Borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the group becomes a party to the contractual provisions of the loan. The borrowings are measured at initial recognition at fair value less transaction costs if any. Borrowings are subsequently measured at amortised cost using the effective interest method.

Interest expense calculated on the effective interest method is included in profit or loss in finance costs paid (refer to note 30). Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Notes to the consolidated and separate annual financial statements continued19. Interest-bearing borrowings continued**Borrowings – composition and analysis**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Held at amortised cost				
Secured				
Revolving credit facility	224 549	372 621	224 549	372 621
Fair value of interest rate swap*	–	827	–	827
	224 549	373 447	224 549	373 447
Split between non-current and current portions				
Current liabilities	224 549	373 447	224 549	373 447
Reconciliation of interest-bearing borrowings				
At the beginning of the year	373 447	481 547	373 447	481 547
Finance costs	42 027	52 961	42 027	52 961
Payments				
Capital	(100 077)	(98 447)	(100 077)	(98 447)
Non-cash payment – excess proceeds of yellow equipment**	(48 822)	–	(48 822)	–
Interest	(42 027)	(63 440)	(42 027)	(63 440)
Interest rate swap repayments	–	827	–	827
	224 549	373 447	224 549	373 447

* Interest rate swaps are at Level 2 fair value (refer to note 37 for IFRS 13: Fair Value Measurement).

** Excess proceeds from the yellow mining equipment previously surrendered to the lenders were used to reduce the RCF loan (refer to note 20 for further details).

Refer to note 36 for the repayment profile of interest-bearing borrowings.

Security

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

- Cash and cash equivalents;
- Equities;
- Fixed and immovable property;
- Moveable assets; and
- Trade receivables.

All assets pledged are from these entities:

- Salungano Group Limited;
- Keaton Energy Holdings Limited;
- Salungano Trading Proprietary Limited;
- Keaton Mining Proprietary Limited;
- Neosho Trading 86 Proprietary Limited; and
- Blanford 006 Proprietary Limited.

Notes to the consolidated and separate annual financial statements continued**19. Interest-bearing borrowings** continued**Refinanced – RCF term loan and GBF****Historical overview of refinancing**

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

Details of financing facilities

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

The RCF was structured for a duration of 48 months and terminated on 21 June 2023. Interest on funds utilised from the RCF was accrued monthly and payable quarterly. Covenants attached to the RCF are no longer applicable following the expiry of the RCF loan during the past financial period.

Standstill agreements and repayment

Although the facility expired on 21 June 2023, a standstill agreement was signed on 27 August 2025 to facilitate the repayment of the RCF and GBF by July 2026. Subsequently, the RCF was repaid in full at the end of November 2025. A new standstill agreement was then signed on 28 November 2025, requiring the GBF to be repaid by the end of March 2026. As security for the GBF, an investment with a balance equal to the outstanding GBF balance as at the end of November was ceded to the lenders by Neosho Trading 86.

Exposure to interest rate risk**Interest rate sensitivity analysis**

A sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Refer to financial risk management (refer to note 36) for the interest rate sensitivity analysis prepared.

20. Financial liabilities at amortised cost – instalment sale agreement**Accounting policies relating to financial liabilities at amortised cost****Classification**

Financial liabilities are subsequently measured at amortised cost.

Recognition and measurement

Financial liabilities at amortised cost are recognised when the group becomes a party to the contractual provisions and are measured, at initial recognition, at fair value less transaction costs.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

If financial liabilities at amortised cost contain a significant financing component and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs paid (refer to note 30).

Financial liabilities at amortised cost expose the group to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Notes to the consolidated and separate annual financial statements continued**20. Financial liabilities at amortised cost – instalment sale agreement****Financial liabilities at amortised cost (instalment – composition and analysis)**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Amortised cost				
Instalment sale agreement	-	87 844	-	-
	-	87 844	-	-
Split between non-current and current portions				
Non-current liabilities	-	-	-	-
Current liabilities	-	87 844	-	-
	-	87 844	-	-
Minimum payments due				
- within one year	-	87 844	-	-
Present value of minimum payments	-	87 844	-	-
Present value of minimum payments due				
- within one year	-	87 844	-	-
- in second to fifth year inclusive	-	-	-	-
	-	87 844	-	-

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Reconciliation of financial liabilities (instalment sale agreement)				
At the beginning of the year	87 844	124 052	-	-
Finance costs	3 629	6 093	-	-
Non cash settlement	(91 473)	-	-	-
Payment	-	(42 301)	-	-
Balance at the end of the year	-	87 844	-	-

During the year ended 31 March 2020, the group entered into an instalment sale agreement with its lenders, namely Nedbank and Standard Bank, to acquire a fleet of mining machinery. The group entered into a finance lease agreement with its mining contractor. The payment and interest terms mirrored those of the instalment sale agreement and a lease receivable of R297.4 million was recognised at inception. The finance term was for 60 months with an effective borrowing rate of 9.5% (Nedbank) and 9% (Standard Bank). The interest rate at the contract date was the prime interest rate minus 0.5% and prime minus 1.0% for Standard Bank.

During the year ended 31 March 2023, the lease agreement of mining machinery to IPP Mining and Materials Handling Proprietary Limited ("IPP") was cancelled. The lease liability was transferred to the finance liabilities at amortised cost as the right of use was derecognised and the equipment was recognised under property, plant and equipment.

In the year ended 31 March 2025, the group auctioned mining machinery previously surrendered to lenders. The auction proceeds were used to settle the related financial liability, and the cash in excess of the liability was applied to the revolving credit liability. This resulted in a R33 million loss, being the difference between the carrying amount of the surrendered mining machinery, the settlement amount of the financial liability and the proceeds derived in excess of the liability settlement amount. This loss was recorded in profit or loss.

Notes to the consolidated and separate annual financial statements continued**21. Loan from shareholder****Accounting policies relating to financial liabilities at amortised cost****Classification**

The loan from shareholder is classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

The loan from shareholder is recognised when the group becomes a party to the contractual provisions of the loan. The borrowings are measured at initial recognition at fair value plus transaction costs if any. The loan from shareholder is subsequently measured at amortised cost using the effective interest method.

Interest expense calculated on the effective interest method is included in profit or loss in finance costs paid. Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

Loan from shareholder – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Held at amortised cost				
Unsecured				
RBFT Investments Proprietary Limited	53 771	74 942	42 888	65 424
	53 771	74 942	42 888	65 424
Split between non-current and current portions				
Non-current liabilities*	9 225	8 068	–	–
Current liabilities	44 546	66 874	42 888	65 424
Reconciliation of interest-bearing borrowings				
At the beginning of the year	74 942	17 118	65 424	7 100
Cash advances received	–	50 000	–	50 000
Deconsolidation**	–	(1 750)	–	–
Repayments	(29 000)	–	(29 000)	–
Finance costs	7 829	9 573	6 463	8 324
Closing balance	53 771	74 942	42 888	65 424

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

** The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

During March and April 2023, the group received a loan from RBFT Investments Proprietary Limited. The loan bears interest at prime plus 2% and is repayable within 12 months. As at 31 March 2025, the outstanding balance was overdue.

Notes to the consolidated and separate annual financial statements continued**22. Lease liabilities****Accounting policies relating to lease liabilities****Classification**

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

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

A lease liability and corresponding right-of-use asset (refer to note 4) are recognised at the lease commencement date for all lease agreements for which the group is a lessee except for short-term leases of 12 months or less or leases of low-value assets.

The group has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The lease liability is presented as a separate line item on the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs paid (refer to note 30).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- A lease contract has been modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group did not need to use significant judgement in determining the lease liability, inherent borrowing rate lease terms or whether or not extensions or terminations would be exercised.

Notes to the consolidated and separate annual financial statements continued**22. Lease liabilities** continued**Lease liabilities – composition and analysis**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Minimum lease payments due				
– within one year	1 748	3 756	1 748	1 633
– in second to fifth year inclusive	1 870	3 618	1 870	3 618
	3 618	7 374	3 618	5 251
Less: Future finance charges	(351)	(869)	(351)	(739)
Present value of minimum lease payments	3 267	6 504	3 267	4 511
Present value of minimum lease payments due				
– within one year	1 493	3 237	1 493	1 245
– in second to fifth year inclusive	1 774	3 267	1 774	3 267
	3 267	6 504	3 267	4 511
Current liabilities	1 493	3 237	1 493	1 245
Non-current liabilities	1 774	3 267	1 774	3 267
	3 267	6 504	3 267	4 511

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

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Reconciliation of lease liabilities				
At the beginning of the year	6 504	9 722	4 512	5 539
Finance costs – leases	518	760	388	499
Payments – leases	(3 756)	(3 978)	(1 633)	(1 527)
	3 267	6 504	3 267	4 512

Notes to the consolidated and separate annual financial statements continued**23. Environmental rehabilitation provision****Accounting policies relating to environmental rehabilitation provision and general provisions****General provisions and contingencies**

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Legal claims are only recognised as a provision when the counterparty has a reasonable chance of success as assessed by Salungano's external legal counsel during the current year. None of these claims have been recognised as a provision (refer to note 34 for details regarding contingent liabilities and assets).

Accrued expenses are recognised as part of the trade and other payables balances and are not recognised in terms of a provision.

The group does not recognise contingent assets and contingent liabilities.

Rehabilitation provision

Provisions for environmental restoration are recognised as the group has a present legal obligation as a result of past events (mining disturbances caused); it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated using third-party expert valuations.

Provisions are measured at the present value of the expected economic benefits to be required to settle the obligation using a risk-free rate that reflects current market assessments of the time value of money.

The increase in the provision due to the passage of time is recognised as an interest expense. Changes in the provision due to changes in estimates are recognised against property, plant and equipment, which are measured at cost.

Changes in estimates include:

- a change in the estimated outflow of resources embodying economic benefits required to settle the obligation;
- a change in the current market-based discount rate, which includes changes in the time value of money and the risk specific to the liability; and
- an increase that reflects the change in LOM.

Significant judgements and assumptions made by management in applying the related accounting policies**Mine rehabilitation provision**

In applying IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, estimates in determining the present obligation of environmental and decommissioning provisions are required.

Environmental and decommissioning costs are recognised where either a legal or constructive obligation is recognised as a result of the group's coal mining operations.

Significant estimates and assumptions are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the inflation rate, the discount rate used and the expected date of closure of mining activities. Estimates are based on costs that are annually determined by independent environmental specialists in accordance with environmental regulations, and adjusted as appropriate for new circumstances.

Numerous factors will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes and environmental legislation changes.

Unwinding of discount due to the passage of time is included as an element of finance costs in arriving at profit or loss for the year in terms of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*.

The present value of environmental disturbances created, as well as changes to estimates, are capitalised to property, plant and equipment against an increase in the rehabilitation provision. Change in estimates for operations in the development and production phase is capitalised and amortised over the LOM on the units-of-production method. Rehabilitation costs incurred, which are included in the estimates, are charged to the provision.

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

Notes to the consolidated and separate annual financial statements continued**23. Environmental rehabilitation provision** continued**Environmental rehabilitation provision and general provisions – composition and analysis****Reconciliation of environmental rehabilitation provision**

	GROUP					
	Opening balance R'000	Change in estimate R'000	Rehabilitation work performed during the year R'000	Time value of money and inflation component of rehabilitation R'000	Deconsolidation at carrying amount R'000	Total R'000
FY25						
Environmental rehabilitation	2 109 019	(206 071)	–	207 601	–	2 110 549
FY24						
Environmental rehabilitation	2 390 813	234 267	(2 443)	197 707	(711 324)	2 109 019

The group's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The previous table is a reconciliation of the total liability for environmental rehabilitation.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the present value of total estimated future rehabilitation cash flows is approximately R2.110 billion (2024: R2.109 billion).

The breakdown of the liability per site is as follows:

Breakdown of environmental rehabilitation provision

	GROUP	
	FY25 R'000	FY24 R'000
Khanyisa*	–	134 048
Elandspruit*	–	577 277
Vanggatfontein	1 586 607	1 415 190
Moabsvelden	523 942	693 829
Deconsolidation at carrying amount*	–	(711 324)
	2 110 549	2 109 019

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

	GROUP	
	FY25 R'000	FY24 R'000
Non-current liabilities	2 110 549	2 109 019
Current liabilities	–	–
	2 110 549	2 109 019

Notes to the consolidated and separate annual financial statements continued**23. Environmental rehabilitation provision** continued**Environmental rehabilitation provision and general provisions – composition and analysis** continued**Reconciliation of environmental rehabilitation provision** continued**Breakdown of environmental rehabilitation provision** continued

In determining the above provision, the current cost estimates as determined by environmental rehabilitation experts have been escalated to a future value at an inflation rate of 4.5% (2024: 4.55%) over a period of five years (2024: between six and one years). The future value was then discounted at a rate of between 11.49% and 9.15% (2024: between 12.87% and 8.5%).

The group's net capitalisation of negative R206 million (2024: R234 million) relates to changes in estimates to mineral properties due to ongoing mining operations and primarily due to Vanggatfontein and Moabsvelden which increased by R37.6 million and a decrease of R243.7 million, respectively (Increase 2024: Vanggatfontein R67 million and Moabsvelden R218 million). The significant decrease in the current year at Moabsvelden is as a result of the rehabilitation project focusing on optimising the rehabilitation design to lower costs of rehabilitation. The total change in estimate was recognised against the rehabilitation asset.

The expected LOM for each mine site as at 31 March 2025 is as follows:

	GROUP	
	FY25 R'000	FY24 R'000
Estimated LOM		
Vanggatfontein	5	5
Moabsvelden	5	6

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

	GROUP	
	FY25 R'000	FY24 R'000
Net undiscounted obligation		
Estimated rehabilitation cost (undiscounted)	2 597 883	3 438 150
Deconsolidation*	–	(809 346)
Amounts invested in rehabilitation investment	(166 952)	(125 016)
Total net undiscounted obligation	2 430 931	2 503 788
Guarantees		
Environmental rehabilitation guarantees issued to the Department of Mineral and Petroleum Resources	337 326	490 724
Environmental rehabilitation guarantees issued to other parties	10 909	121 279
	348 235	612 004

* The group lost control of Wescoal Mining and its subsidiary on 24 August 2023, refer to note 45. Subsequently, Wescoal Mining and its subsidiary were deconsolidated.

These guarantees have been issued by third parties on behalf of the group and are secured by a cession of rehabilitation investments and cash and cash equivalents (refer to notes 10 and 17), together with other group sureties and indemnities.

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

Notes to the consolidated and separate annual financial statements continued**24. Trade and other payables****Accounting policies relating to trade and other payables****Classification**

Trade and other payables, excluding value added tax and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the group becomes a party to the contractual provisions and are measured, at initial recognition, at fair value minus transaction costs.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs paid (refer to note 30).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and the management thereof.

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

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Financial instruments				
Trade payables	728 178	805 691	5 270	32 030
Accruals	23 908	33 465	13 302	19 563
Other payables	(5)	(5)	-	-
Non-financial instruments				
Value added tax	21 243	9 645	5 098	6 844
Payroll accruals	7 993	9 290	2 327	3 628
	781 318	858 087	25 997	62 065

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
At amortised cost	752 082	839 152	18 573	51 593
Non-financial instruments	29 236	18 935	7 425	10 472
	781 318	858 087	25 997	62 065

Notes to the consolidated and separate annual financial statements continued**24. Trade and other payables** continued**Financial instruments and non-financial instrument components of trade and other payables** continued**Split between non-current and current portion – trade payables**

During the current financial year, Keaton Mining concluded a compromise with its creditors in terms of section 155 of the Companies Act, No. 71 of 2008. In terms of the approved compromise arrangement, Keaton Mining will settle the outstanding creditor balances in accordance with an agreed payment plan, funded through cash flows generated from mining operations over a period of 36 months. As a result of the section 155 creditors' compromise, the repayment terms of trade payables were extended beyond 12 months. The impact on the classification is as follows:

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Non-current liabilities	252 790	–	–	–
Current-liabilities	475 389	805 691	5 270	32 030
	728 178	805 691	5 270	32 030

In accordance with IFRS 9.3.3, Derecognition of financial liabilities, the compromise arrangement resulted in a substantial modification of the contractual cash flows of the trade payables. On 1 November 2024, the trade payables were therefore remeasured at the present value of the modified cash flows, discounted using the group's incremental borrowing rate of 12.71%. The present value of the trade payables was determined to be R221 million and a modification gain of R61 million was deferred and recognised under trade payables due to the incremental borrowing rate not being observable in the market in accordance with IFRS 9.B5.1.2A. R8.5 million of the deferred gain was recognised at 31 March 2025 in profit or loss.

25. Loans from group companies**Accounting policies relating to loans from group companies****Classification**

Loans from group companies are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from group companies are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value minus transaction costs, if any. Loans from related parties are subsequently measured at amortised cost using the effective interest method.

Loans from group companies expose the company to liquidity risk. Refer to note 36 for details of risk exposure and the management thereof.

Loans from investee – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Investees				
Loans that are interest-free and have no fixed terms of repayment				
Wescoal Mining Proprietary Limited (in business rescue)	206 622	206 622	–	–
	206 622	206 622	–	–
Loans from group companies – composition and analysis*				
Subsidiaries				
Salungano Resources Proprietary Limited	–	–	602	602
Salungano Power Proprietary Limited	–	–	548	548
Salungano Trading Proprietary Limited	–	–	277 638	277 638
	–	–	278 788	278 788

* Inter-company loans pledged as security in favour of Nedbank and Standard Bank (refer to note 19).

Notes to the consolidated and separate annual financial statements continued**25. Loans from group companies** continued**Loans from investee – composition and analysis** continued

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans from investee reconciliation				
Opening balance	206 622	206 622	-	-
Closing balance	206 622	206 622	-	-

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans from group companies reconciliation				
Opening balance	-	-	278 788	284 438
Loans advanced	-	-	-	1 625
Loans repayment	-	-	-	(7 275)
Closing balance	-	-	278 788	278 788
Split between non-current and current portions				
Non-current liabilities	206 622	206 622	-	-
Current liabilities	-	-	278 788	278 788
Split between cash and non-cash movement				
Cash movement	-	-	-	(5 650)

Unless otherwise stated, loans from group companies are interest-free, have no fixed repayment terms, and are repayable on demand. There is no interest on the loan to investee and capital payments are made on demand. The loan from Wescoal Mining has been reclassified to a non-current liability as a result of Wescoal Mining waiving its right to call up on the loan in the next 20 months from the reporting date.

26. Revenue**Accounting policies relating to revenue**

The following specific recognition criteria must be met before revenue is recognised:

Sale of coal – IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good to a customer. Customers obtain control of coal supplied when the goods are delivered to and have been accepted at their premises. Payment is received within 30 days after delivery and therefore control has been transferred to the customer. No discounts are provided for coal sales.

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

Revenue from exported goods is recognised when the goods are loaded onto the vessel at the agreed port of shipment.

Rendering of services – IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when a service is rendered to a customer. The group obtains the right to revenue as the service is rendered in the case of transportation of coal; this is when the delivery of coal arrives and is accepted at the customer's premises. Payment is received within 30 days after delivery and therefore control has been transferred to the customer. No discounts are provided for transportation services.

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

Notes to the consolidated and separate annual financial statements continued**26. Revenue** continued**Accounting policies relating to revenue** continued**Administration fees – IFRS 15**

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue as the service is provided to the customer. Invoices for administrative services are processed on a monthly basis and are usually payable within 30 days.

These services are on-charged on a monthly basis based on actual time spent managing the operating subsidiaries and are recognised in the accounting period in which the services were rendered.

Interest received

Interest is recognised, in profit or loss, when the group's right to receive payment has been established. Interest received does not form part of revenue received from contracts with customers. Interest recognised as revenue received is from group company loans and financial assets at amortised costs.

Interest received is recognised using the effective interest method.

Rental income

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

Revenue – composition and analysis

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Revenue from contracts with customers				
Sale of goods	3 298 276	2 860 271	–	–
Rendering of services	1 071 078	793 228	158 151	162 306
	4 369 354	3 653 498	158 151	162 306
Revenue other than from contracts with customers				
Interest received	–	–	–	17 677
	4 369 354	3 653 498	158 151	179 983
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Local sales (recognised at point in time)	152 369	309 320	–	–
Eskom sales (recognised at point in time)	3 145 907	2 550 951	–	–
	3 298 276	2 860 271	–	–
Rendering of services				
Administration and management fees received (recognised over time)	9 308	776	158 151	162 306
Transport services (recognised at point in time)	1 055 039	791 137	–	–
Rental income (recognised over time)	6 731	1 315	–	–
	1 071 078	793 228	158 151	162 306
	4 369 354	3 653 498	158 151	162 306

Notes to the consolidated and separate annual financial statements continued

27. Cost of sales

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Sale of goods	3 713 542	2 933 435	-	-
Inventory write-off	49 470	187 944	-	-
Depreciation	234 650	239 707	-	-
	3 997 662	3 361 085	-	-
Sale of goods				
Direct purchases	1 263 827	885 012	-	-
Royalty expenses	17 330	28 417	-	-
Mining contractor cost	1 007 456	909 259	-	-
Consumables and maintenance cost	12 851	37 471	-	-
Staff cost	27 839	58 441	-	-
Fuel*	328 308	259 854	-	-
Mining overhead and other cost	40 109	45 178	-	-
Transport costs	1 015 822	709 803	-	-
	3 713 542	2 223 635	-	-
Coal processing – Depreciation				
Property, plant and equipment	234 650	238 297	-	-
Right-of-use assets	-	1 410	-	-
	234 650	239 707	-	-

* Included in the fuel costs is a diesel rebate reversal of R76 million which was disallowed by SARS (refer to note 40).

28. Operating profit/(loss)

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

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Operating income				
Gain/(loss) on disposal of assets	34	(263)	6	5
Fair value gain on financial assets	15 917	7 266	-	-
Other income*	26 531	37 405	-	-
Management fee income from Arnot OpCo	-	18 200	-	-
By-product sales	-	451	-	-
	42 482	63 058	6	5
Auditor's remuneration				
Audit fees – external	9 098	13 615	9 098	13 615
Auditor's remuneration – internal	(1 214)	1 306	(1 214)	1 306
Remuneration other than to employees				
Consulting and professional services	36 041	40 675	23 716	23 140

* Other income relates mainly to expense recoveries, coal tollwash income, rental income and other income.

Notes to the consolidated and separate annual financial statements continued**28. Operating profit/(loss)** continued**Employee costs****Accounting policies relating to employee benefits****Short-term employee benefits**

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or in the case of non-accumulating absences, when the absence occurs. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Payroll accrual movement

Movement in payroll accrual relates to restructuring provisions raised. Restructuring provisions are charged as an expense when the group has committed to a plan of restructuring and are quantified as the expected cost of restructuring.

Employee costs – composition and analysis

As at 31 March 2025, the group had 122 permanent employees (2024: 156). The total cost of employment of all employees including executive directors was as follows:

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Salaries, wages, bonuses and other benefits	51 002	59 172	34 852	34 614
Retirement benefit plans: defined contribution expense	3 616	5 000	1 127	2 068
Payroll accrual movement	5 712	3 907	1 822	752
Share-based compensation expense	–	26 984	–	–
Total employee costs	60 330	95 063	37 801	37 434

Notes to the consolidated and separate annual financial statements continued**28. Operating profit/(loss)** continued**Depreciation and amortisation**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Depreciation of property, plant and equipment	236 349	239 563	243	248
Depreciation of right-of-use assets	2 568	2 685	1 275	1 275
Amortisation of intangible assets	1 189	3 651	397	1 040
Total depreciation and amortisation	240 106	245 900	1 915	2 563
<i>Less: Depreciation included in cost of merchandise sold and inventories</i>	<i>(234 650)</i>	<i>(239 707)</i>	<i>-</i>	<i>-</i>
Total depreciation and amortisation expensed	5 456	6 193	1 915	2 563
Impairment losses				
Goodwill	-	49 660	-	-
Property, plant and equipment	326	37 358	-	-
Investments in subsidiaries, joint arrangements and associates	-	-	-	585 058
	326	87 017	-	585 058
Movement in credit loss allowances				
Trade and other receivables	(13 932)	14 336	32 034	44 894
Financial assets at amortised cost	(545)	84	(545)	84
ECL deconsolidated – trade receivables	-	83 958	-	-
ECL deconsolidated – loan	-	18 507	-	-
Loans receivable	8 885	165 366	2 005	136 311
	5 591	282 250	33 494	181 289
Other				
Repairs and maintenance	198	7 642	2	-
Bank charges	1 376	1 671	1 204	862
Health and safety	4 580	7 076	-	-
Social Labour Plan	9 586	12 123	-	-
Office overheads and other costs	46 134	70 706	8 160	14 741
Loss on settlement of liability	32 951	-	-	-
Insurance and guarantees	21 838	28 338	17 184	17 999
Credit losses – trade receivables	-	1 788	-	-
Loss/(profit) on exchange differences	30	(801)	30	-

Notes to the consolidated and separate annual financial statements continued**29. Interest income**

Interest is recognised, in profit or loss, when the group's right to receive payment has been established. Interest received does not form part of revenue received from contracts with customers.

Interest received is recognised using the effective interest method.

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Interest on bank deposits	682	252	408	108
Other interest income*	22 214	4 223	11 917	3 692
Restricted cash and cash equivalents	1 455	228	-	-
Deferred gain – finance income	8 497	-	-	-
Loans to group companies				
Subsidiaries	-	-	-	13 878
	32 848	4 704	12 326	17 677
Disclosed as revenue	-	-	-	(17 677)
Total interest income	32 848	4 704	12 326	-
Cash flow reconciliation				
Cash interest				
Interest on bank deposits	682	252	408	108
Other interest income*	10 345	532	49	-
Subsidiaries	-	-	-	13 878
	11 027	784	457	13 985
Non-cash interest				
Restricted investments	1 455	228	-	-
Deferred gain – finance income	8 497	-	-	-
Other interest income*	11 869	3 692	11 869	3 692
	21 821	3 920	11 869	3 692
	32 848	4 704	12 326	17 677

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

Notes to the consolidated and separate annual financial statements continued**30. Finance costs****Accounting policies relating to borrowing costs**

All borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs – composition and analysis

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Interest-bearing borrowings	19	42 027	52 961	42 027	52 961
Lease liabilities	22	518	760	388	499
Financial liabilities at amortised cost	20	3 629	6 093	–	–
Bank overdraft		4 348	11 610	4 348	11 252
Unwinding of discount on provisions and other liabilities	23	207 601	197 707	–	–
Other interest paid		693	8 950	579	1
Shareholder loan	21	7 829	9 581	6 463	8 324
Total finance costs		266 645	287 661	53 806	73 037

Cash flow reconciliation

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Cash finance cost					
Interest-bearing borrowings	19	42 027	52 961	42 027	52 961
Lease liabilities	22	518	760	388	499
Financial liabilities at amortised cost	20	–	6 093	–	–
Other interest paid		693	8 950	579	1
Bank overdraft		4 348	11 610	4 348	11 252
		47 586	80 374	47 343	64 713
Non-cash finance cost					
Shareholder loan	21	7 829	9 581	6 463	8 324
Unwinding of discount on provisions and other liabilities	23	207 601	197 707	–	–
Financial liabilities at amortised cost	20	3 629	–	–	–
		219 059	207 287	6 463	8 324
		266 645	287 661	53 806	73 037

Notes to the consolidated and separate annual financial statements continued

31. Taxation

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Major components of the tax expense (income)				
Current				
Local income tax – current period	109 816	111 954	–	–
Local income tax – recognised in current tax for prior periods	3 361	677	3 030	(721)
	113 177	112 631	3 030	(721)
Deferred				
Originating and reversing temporary differences	(168 764)	(170 222)	(9 369)	(13 742)
Arising from prior period adjustments	(40)	12 218	(40)	(228)
	(168 804)	(158 005)	(9 409)	(13 970)
	(55 627)	(45 374)	(6 378)	(14 691)

Notes to the consolidated and separate annual financial statements continued31. Taxation continued

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Accounting loss	(45 216)	(188 547)	(14 713)	(776 500)
Tax at the applicable tax rate of 27%	(12 208)	(50 908)	(3 973)	(209 655)
Adjustments				
Non-deductible expenses				
Share-based payment expense reversal	-	(1 155)	-	-
Legal, consulting and professional fees	1 631	2 054	1 617	2 054
Value added tax apportionment	(88)	103	(88)	103
Donations	258	40	216	-
Impairment of investments	90 903	(158 011)	-	-
Impairment of goodwill	-	162 547	-	157 966
Fair value on investment	-	(482)	-	-
Penalties and interest	385	2 281	21	39
Expected credit losses	(131 403)	64 544	547	36 750
Amortisation of mineral right	21	(369)	-	-
Guarantee fees	259	177	-	-
Other expenses	994	1 882	14	-
Share-based payment expense reversal	-	27 461	-	-
Royalties amortisation	-	1 656	-	-
Non-taxable income				
Preference shares income	(3 205)	(997)	(3 205)	(997)
Interest received – finance lease liability	-	(22)	-	-
Gain on deconsolidation	-	(108 798)	(1)	(1)
Finance income – Deferred gain	(2 294)	-	-	-
Other income	(1)	-	-	-
Other adjustments				
Other adjustments	(1 206)	1 918	(1 526)	-
Adjustment in respect of prior periods	331	10 705	-	(949)
	(55 627)	(45 375)	(6 378)	(14 692)

Notes to the consolidated and separate annual financial statements continued

32. Cash generated from operations

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loss before taxation		(45 216)	(188 547)	(14 713)	(776 500)
Adjusted for:					
Depreciation on property, plant and equipment	3	236 349	239 563	243	248
Amortisation of intangible assets	7	1 189	3 651	397	1 040
Amortisation of right-of-use asset	4	2 568	2 685	1 275	1 275
Loss/(gain) on sale of assets	28	(34)	263	(6)	(5)
Impairment of property, plant and equipment	3	326	37 358	-	-
Impairment of investment in subsidiary	8	-	-	-	585 058
Loss of control		-	(402 950)	-	-
Loss on settlement of financial liability*	28	32 951			
Share-based payment expenses		-	26 984	-	-
Interest income	29	(32 848)	(4 704)	(12 326)	(17 677)
Finance costs	30	266 645	287 661	53 806	73 038
Fair value gains	10	(13 476)	(10 202)	-	-
Prepaid royalty	14	-	132	-	-
Rehabilitation cost incurred	23	-	(2 443)	-	-
Impairment of goodwill	6	-	49 660	-	-
Inventory write-down	27	49 470	187 944	-	-
Expected credit losses on group loans	11	-	-	2 005	136 311
Bad debts written-off		-	1 788	-	-
Expected credit loss	28	(5 591)	282 250	31 489	44 978
Changes in working capital:					
(Increase)/decrease in inventories		1 240	(38 156)	-	-
(Increase)/decrease in trade and other receivables		47 828	(269 667)	9 831	(74 032)
Increase/(decrease) in trade and other payables		(79 738)	282 131	(36 067)	33 089
		461 663	485 402	35 935	6 823

* Refer to notes 3 and 20.

33. Tax paid

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Balance at the beginning of the year	(56 223)	(44 700)	3 049	3 496
Current tax for the year recognised in profit or loss	(113 177)	(112 631)	(3 030)	721
Deconsolidation	-	3 173	-	-
Balance at the end of the year	(17 337)	56 223	(7 253)	(3 049)
	(186 737)	(97 934)	(7 234)	1 168

Notes to the consolidated and separate annual financial statements continued**34. Contingent liabilities and assets****34.1 South African Revenue Service**

In July 2020, SARS initiated a diesel audit process on Keaton Mining Proprietary Limited ("Keaton") for the period May 2018 to May 2020 with an extended scope from June 2020 to December 2020. The diesel audit was concluded in September 2021 and SARS disallowed the diesel refunds claimed and already paid for the entire period under audit based on the reasons mentioned in the letter of demand received from SARS dated 17 September 2021.

The letter of demand resulted in a tax liability of R87 million of which the capital amount is R77 million and the interest is R9 million. Keaton disputed the audit outcome based on factual reasons that SARS did not take into consideration in arriving at its conclusion. Keaton is of the view that SARS's basis of seeking to claim diesel refunds previously paid to Keaton during the audit period is unjustified.

Keaton performed an analysis of the merits of SARS's claim and is of the view that such a claim will be limited to R17 million. SARS considered the Keaton Mining Proprietary Limited dispute filed and paid the diesel refunds to the amount of R33 million in December 2022. Keaton Mining Proprietary Limited was of the view that SARS had not considered all the facts when deciding to partly refund and applied for the Alternative Dispute Resolution ("ADR") and ADR meetings were held without resolution. Keaton Mining continues to pursue the matter and has lodged a section 96 notice to SARS. The letter acknowledging the receipt and notification of allocation of the matter was sent by SARS on 24 June 2024. A contingent liability amount determined by management is R27 million.

35. Commitments**Authorised capital expenditure**

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Authorised capital expenditure				
Already contracted for but not provided for	35 201	33 194	1 595	1 595

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management****Accounting policies relating to financial instruments and risk management**

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9: *Financial Instruments*. The classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments

- Designated at amortised cost is used only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Mandatorily at fair value through profit or loss. The group automatically applies this classification to all debt instruments which do not qualify at amortised cost or at fair value through other comprehensive income.

A specific accounting policy for the classification, recognition and measurement of each type of financial instrument held by the group has been presented with each of the relevant instruments under the note disclosure.

Financial instruments and risk management – composition and analysis**Categories of financial instruments****Categories of financial assets**

		GROUP			
	Notes	Fair value through profit or loss – mandatory R'000	Amortised cost R'000	Total R'000	Fair value R'000
FY25					
Loan to investee	11	–	56 244	56 244	
Financial asset at amortised cost	12	–	87 344	87 344	–
Restricted investments	10	166 952	–	166 952	166 952
Trade and other receivables	16	–	570 256	570 256	–
Cash and cash equivalents	17	–	62 014	62 014	–
Restricted cash	17	–	10 663	10 663	–
		166 952	786 520	953 472	166 952
FY24					
Loan to investee	11	–	15 957	15 957	
Financial asset at amortised cost	12	–	74 931	74 931	–
Restricted investments	10	125 016	–	125 016	125 016
Trade and other receivables	16	–	564 738	564 738	–
Cash and cash equivalents	17	–	46 177	46 177	–
Restricted cash	17	–	9 207	9 207	–
		125 016	711 011	836 027	125 016

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Financial instruments and risk management – composition and analysis** continued**Categories of financial instruments** continued**Categories of financial assets** continued

	Notes	COMPANY		
		Amortised cost R'000	Total R'000	Fair value R'000
FY25				
Loan to investee	11	15 957	15 957	–
Loans to group companies	11	143 885	143 885	–
Financial asset at amortised cost	12	87 344	87 344	–
Trade and other receivables	16	30 895	30 895	–
		278 081	278 081	–
FY24				
Loan to investee	11	15 957	15 957	–
Loans to group companies	11	297 199	297 199	–
Financial asset at amortised cost	12	74 931	74 931	–
Trade and other receivables	16	68 615	68 615	–
		440 745	440 745	–

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Financial instruments and risk management – composition and analysis** continued**Financial liabilities**

Amortised cost. The group uses this category when the business model and the contractual terms of the instrument give rise, on specified dates, to cash flow outflows that are solely payments of principal and interest on principal.

Categories of financial liabilities

	Notes	GROUP		
		Amortised cost R'000	Total R'000	Fair value R'000
FY25				
Trade and other payables	24	752 082	752 082	–
Interest-bearing borrowings	19	224 549	224 549	–
Loan from shareholder	21	53 771	53 771	–
Bank overdraft	17	85 461	85 461	–
		1 115 863	1 115 863	–
FY24				
Trade and other payables	24	839 152	839 152	–
Interest-bearing borrowings	19	373 447	373 447	–
Loan from shareholder	21	74 942	74 942	–
Financial liabilities at amortised cost	20	87 844	87 844	87 844
Bank overdraft	17	39 234	39 234	–
		1 414 619	1 414 619	95 217

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Financial instruments and risk management – composition and analysis** continued**Financial liabilities** continued**Categories of financial liabilities** continued

	Notes	COMPANY		
		Amortised cost R'000	Total R'000	Fair value R'000
FY25				
Trade and other payables	24	18 573	18 573	–
Loans from group companies	25	278 788	278 788	–
Interest-bearing borrowings	19	224 549	224 549	–
Loan from shareholder	21	42 888	42 888	–
Bank overdraft	17	85 461	85 461	–
		650 258	650 258	–
FY24				
Trade and other payables	24	51 593	51 593	–
Loans from group companies	25	278 788	278 788	–
Interest-bearing borrowings	19	373 447	373 447	–
Loan from shareholder	21	65 424	65 424	–
Bank overdraft	17	39 234	39 234	–
		808 486	808 486	–

The carrying value of the financial assets and liabilities approximates the fair value unless stated otherwise.

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The approach and capital policies remained consistent with the previous year. Optimising the capital structure remains a key priority, and the group may issue new shares, raise long-term debt or sell assets to optimise appropriate capital structure and return on equity.

The group monitors capital on the basis of the gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The group's long-term target gearing ratio is to remain below 50%. The facilities (refer to "liquidity risk") with Nedbank CIB and Standard Bank Limited represent a high concentration risk.

The group's gearing ratio has increased during the year, as a result of impairments recognised negatively affecting the equity.

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Capital risk management** continued

The capital structure and gearing ratio at 2025 and 2024, respectively, were as follows:

	Notes	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Loans from group companies	25	–	–	278 788	278 788
Interest-bearing borrowings	19	224 549	373 447	224 549	373 447
Loan from shareholder	21	53 771	74 942	42 888	65 424
Financial liabilities at amortised cost	20	–	87 844	–	–
Lease liabilities	22	3 267	6 504	3 267	4 512
Bank overdraft	17	85 461	39 234	85 623	39 470
Total borrowings		367 048	581 971	635 114	761 641
Cash and cash equivalents	17	(62 014)	(46 177)	–	–
Net borrowings		305 034	535 794	635 114	761 641
Equity		14 801	4 389	(341 440)	(333 105)
Total capital		319 835	540 183	293 674	428 536
Capital gearing ratio (%)		95	99	216	178

Financial risk management**Overview**

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Risk management is carried out by the head office function under policies approved by the board. The head office function identifies, evaluates and manages financial risks in close cooperation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity. The group was exposed to limited foreign currency exchange risk as export sales are priced in South African rands.

Credit risk

Credit risk consists mainly of trade and other receivables, other receivables, lease receivables, cash and cash equivalents and loans to group companies. The group only deposits cash with major banks with high-quality credit standings and limits exposure to any one counterparty.

The group has assessed the concentration of credit risk. The following concentrations have been assessed: customer-specific, industry-specific and regions.

There is a significant concentration of credit risk on the following levels: Salungano is exposed to only a few individual customers and is also exposed to a specific industry, namely coal mining, and is further exposed to specific Mpumalanga regions. Trade receivables consist mainly of Eskom, Sasol Mining, government institutions and private sector and mining entities. Eskom and Sasol Mining have a history of no defaults and credit ratings of Caa1 and Ba2, respectively. Both Eskom's and Sasol's credit ratings did not decrease significantly during the year and, as a result, the group did not have a significant increase in credit risk during the year. The group only trades with recognised creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. Refer to notes 2 and 11 for further information.

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Credit risk** continued

The group strives to enter into sales contracts with customers which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivables balances become past due, the normal recovery procedures are followed to recover the debt. Where applicable, new payment terms may be arranged to ensure that the debt is fully recovered.

The group establishes an allowance for non-recoverability or impairment that represents its estimated credit loss allowance in respect of trade receivables, other receivables, cash and cash equivalents and loans and receivables. The main components of these allowances are a 12-month ECL component that results from possible default events within 12 months after the reporting date and a lifetime ECL component that results from all possible default events over the expected life of a financial instrument.

All the financial assets are assessed under the general approach to determine the ECL. Under the general approach, management must determine whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised. Management has determined that due to the credit risk concentration, all trade receivables have been assessed under the lifetime ECL model.

Stage 1 is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, management recognises a 12-month ECL and recognises interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2 is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, management will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

Stage 3 is where the financial asset is credit-impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, management continues to recognise lifetime ECL but they recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

GROUP						
	12-month PD ranges %	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Purchased credit- impaired R'000	Total R'000
FY25						
Loan to investee	8.39	–	–	230 496	–	230 496
Financial asset at amortised cost	8.39	88 229	–	–	–	88 229
Trade receivables	8.39	534 795	–	89 558	–	624 353
Other trade receivables	8.39	9 501	–	–	–	9 501
Gross carrying amount		632 525	–	320 054	–	952 578
Expected credit loss		25 075		(263 810)		(238 735)
Net carrying amount		657 600	–	56 244	–	713 844
FY24						
Loan to investee	8.39	–	–	181 323	–	181 323
Financial asset at amortised cost	8.39	76 360	–	–	–	76 360
Trade receivables	8.39	624 504	–	15 104	–	639 607
Other trade receivables	8.39	2 661	–	–	–	2 661
Gross carrying amount		703 525	–	196 427	–	899 951
Expected credit loss		(63 856)		(180 469)		(244 325)
Net carrying amount		639 669	–	15 957	–	655 625

Notes to the consolidated and separate annual financial statements continued36. Financial instruments and risk management continued**Credit risk** continued

	COMPANY					
	12-month PD ranges %	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Purchased credit- impaired R'000	Total R'000
FY25						
Loans to investee	100	–	–	188 136	–	188 136
Loans to group companies	2 – 100	4 363	144 647	1 200	–	150 210
Financial asset at amortised cost	8.39	88 229	–	–	–	88 229
Trade receivables	8.39	97 947	–	–	–	97 947
Other trade receivables	8.39	427	–	–	–	427
Gross carrying amount		190 966	144 647	189 336	–	336 813
Expected credit loss		(78 137)	(5 761)	(173 720)	–	(257 618)
Net carrying amount		112 829	138 886	15 616	–	79 196
FY24						
Loans to investee	100	–	–	181 323	–	181 323
Loans to group companies	2 – 100	8 296	299 847	1 200	–	309 343
Financial asset at amortised cost	8.39	76 360	–	–	–	76 360
Trade receivables	8.39	103 420	–	–	–	103 420
Other trade receivables	8.39	640	–	–	–	640
Gross carrying amount		188 716	299 847	182 523	–	671 088
Expected credit loss		(46 661)	(11 343)	(166 135)	–	(224 138)
Net carrying amount		142 055	288 504	16 389	–	446 949

	GROUP			
	12-month ECL R'000	Lifetime ECL – not credit- impaired R'000	Lifetime ECL – credit- impaired R'000	Total R'000
Balance as at 1 April 2024	77 530	1 430	165 366	244 325
New financial assets acquired	(13 932)	(545)	8 886	(5 590)
Balance as at 31 March 2025	63 598	885	174 252	238 735

Notes to the consolidated and separate annual financial statements continued36. Financial instruments and risk management continued**Credit risk** continued

	COMPANY			Total R'000
	12-month ECL R'000	Lifetime ECL – not credit- impaired R'000	Lifetime ECL – credit- impaired R'000	
Balance as at 1 April 2024	210 564	1 430	12 144	224 138
New financial assets acquired	32 034	(545)	2 005	33 494
Balance as at 31 March 2025	242 599	885	14 150	267 632

Trade receivables

The group measures ECL allowances on a grouped basis using the simplified approach for trade and other receivables. For cash equivalents, cash deposits, other receivables and loans receivable, the group does not measure these instruments on a collective basis.

To measure the ECL, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023 or 1 April 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as inflation and interest rates which may affect the ability of the customer to settle the receivables.

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Credit risk** continued**Financial assets**

All of the entity's financial assets at amortised cost and fair value through other comprehensive income are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management considers "low credit risk" for listed bonds to be an investment-grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and key management personnel, and other receivables.

The maximum exposure to credit risk is presented in the table below:

		GROUP		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
FY25				
Loan to investee	11	234 496	(174 252)	56 244
Financial asset at amortised cost	12	88 229	(885)	87 344
Restricted investments	10	166 952	-	166 952
Trade and other receivables	16	715 636	(63 598)	644 426
Cash and cash equivalents	17	62 014	-	62 014
		1 205 526	(228 833)	976 693

		GROUP		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
FY24				
Loan to investee	11	180 307	(164 350)	15 957
Financial asset at amortised cost	12	76 360	(1 430)	74 931
Restricted investments	10	125 016	-	125 016
Trade and other receivables	16	755 852	(77 530)	678 322
Cash and cash equivalents	17	46 177	-	46 177
		1 183 713	(243 309)	940 403

Notes to the consolidated and separate annual financial statements continued36. Financial instruments and risk management continued**Credit risk** continued**Other financial assets at amortised cost** continued

		COMPANY		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
FY25				
Loans to group companies	11	150 210	(6 325)	143 884
Financial asset at amortised cost	12	88 229	(885)	87 344
Trade and other receivables	16	97 947	(77 214)	20 734
Cash and cash equivalents	17	–	–	–
		336 386	(84 423)	251 962

		COMPANY		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
FY24				
Loans to group companies	11	309 343	(12 144)	297 197
Financial asset at amortised cost	12	76 360	(1 430)	74 931
Trade and other receivables	16	68 615	(45 179)	23 436
		454 318	(58 753)	395 564

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The following tables analyse the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Liquidity risk** continued

The maturity profile of contractual cash flows of non-derivative financial liabilities is presented in the following table. The cash flows are undiscounted contractual amounts.

		GROUP				
	Notes	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000	Carrying amount R'000
FY25						
Non-current liabilities						
Lease liabilities	22	–	1 870	–	1 870	1 774
Trade and other payables	24	–	172 711	88 576	261 287	252 790
Loan from shareholder	21	–	–	9 225	–	9 225
Current liabilities						
Trade and other payables	24	499 292	–	–	499 292	499 292
Interest-bearing borrowings	19	224 549	–	–	224 549	224 549
Loan from shareholder	21	44 546	–	–	44 546	44 546
Lease liabilities	22	1 748	–	–	1 748	1 493
Bank overdraft	17	85 461	–	–	85 461	85 461
		855 595	174 581	97 802	1 118 753	1 119 130
FY24						
Non-current liabilities						
Lease liabilities	22	–	3 618	–	3 618	3 267
Loan from shareholder	21	–	–	8 068	8 068	8 068
Current liabilities						
Trade and other payables	24	839 152	–	–	839 152	839 152
Interest-bearing borrowings	19	373 447	–	–	373 447	373 447
Loan from shareholder	21	66 874	–	–	66 874	66 874
Financial liabilities at amortised cost	20	87 844	–	–	87 844	87 844
Lease liabilities	22	3 756	–	–	3 756	3 237
Bank overdraft	17	39 234	–	–	39 234	39 234
		1 410 307	3 618	8 068	1 421 992	1 421 123

Notes to the consolidated and separate annual financial statements continued36. Financial instruments and risk management continued**Liquidity risk** continued

	Notes	COMPANY				Carrying amount R'000
		Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000	
FY25						
Non-current liabilities						
Lease liabilities	22	–	518	1 870	2 388	1 774
Current liabilities						
Trade and other payables	24	18 573	–	–	18 573	18 573
Loans from group companies	25	278 788	–	–	278 788	278 788
Interest-bearing borrowings	19	224 549	–	–	224 549	224 549
Loan from shareholder	21	42 888	–	–	42 888	42 888
Lease liabilities	22	1 748	–	–	1 748	1 493
Bank overdraft	17	85 623	–	–	85 623	85 623
		652 168	518	1 870	654 556	653 687
FY24						
Non-current liabilities						
Lease liabilities	22	–	760	3 618	4 378	3 267
Current liabilities						
Trade and other payables	24	51 593	–	–	51 593	51 593
Loans from group companies	25	278 788	–	–	278 788	278 788
Interest-bearing borrowings	19	373 447	–	–	373 447	373 447
Loan from shareholder	21	65 424	–	–	65 424	65 424
Lease liabilities	22	1 633	–	–	1 633	1 245
Bank overdraft	17	39 470	–	–	39 470	39 470
		810 355	760	3 618	814 733	813 234

The group manages liquidity risk through an ongoing review of credit facilities to ensure funds are available to cover future commitments.

Cash flow forecasts are prepared in the operating entities of the group and aggregated by group treasury, monitoring rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans and compliance with internal balance sheet ratio targets.

The liquidity position is addressed as follows:

- Through undrawn overdraft facilities (refer to note 17);
- Shareholders' loans to cover any short-term cash flow shortfalls;
- Extending supplier payment terms and entering into payment plans with key suppliers; and
- Agreeing to early payment terms with key customers.

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Market risk****Cash flow interest rate risk**

As the group has no significant net interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates except for the finance lease receivable on the mining fleet.

The group and company's interest rate risk arises mainly from variable-rate instalment sale agreements and borrowings. These borrowings carry variable rates that are linked to the prime lending rate in South Africa (refer to note 20).

The company has no significant cash flow interest rate risk arising from its interest-bearing loans to and from group companies as these loans are interest-free. Instead, the company is exposed to fair value interest rate risk on its external borrowings. The company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity analysis

A change of 100 basis points in the interest rate at the reporting date would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2024.

	GROUP			
	FY25		FY24	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
GROUP				
Increase or decrease in rate				
Impact on profit or loss and equity				
Financial assets at amortised cost 1% (2024: 1%)	873	(873)	749	(749)
Interest-bearing borrowings 1% (2024: 1%)	(2 245)	2 245	(3 734)	3 734
Loan from shareholder 1%	(538)	538	(749)	749
COMPANY				
Increase or decrease in rate				
Impact on profit or loss and equity				
Financial assets at amortised cost 1% (2024: 1%)	873	(873)	749	(749)
Interest-bearing borrowings 1% (2024: 1%)	(2 245)	2 245	(3 734)	3 734
Loan from shareholder 1%	(429)	429	(654)	654

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The group's main IBOR exposure at 31 March 2025 was indexed to JIBAR. The South African Reserve Bank has announced its intention to discontinue the JIBAR and replace it with the South African Rand Overnight Index Average ("ZARONIA"), with effect from 31 December 2026. The group has assessed the potential impact of this benchmark reform on its financial instruments and funding arrangements. As at November 2025, the group has fully settled its RCF loan, and the remaining GBF facilities are expected to be settled by March 2026, prior to the effective date of the transition.

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

Notes to the consolidated and separate annual financial statements continued**36. Financial instruments and risk management** continued**Price risk**

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

A 1% increase or decrease at the reporting date would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2024.

	GROUP			
	FY25		FY24	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Increase or decrease in price				
Impact on profit or loss and equity				
Restricted investments 1% (2024: 1%)	1 670	(1 670)	1 250	(1 250)

The entity has no significant exposure to commodity price risk.

37. Fair value information**Fair value hierarchy**

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements**Level 2****Recurring fair value measurement liabilities**

	Note	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Liabilities					
Financial liabilities at fair value through profit or loss					
Interest rate swap	19	–	827	–	827
		–	827	–	827

The interest-bearing borrowings contained a swap through which Salungano had swapped its variable commitment of the RCF and term loan from three-month JIBAR less 0.5% to a fixed rate at 9.65%, which expired in June 2023.

Notes to the consolidated and separate annual financial statements continued**37. Fair value information** continued**Level 1****Recurring fair value measurements**

	Note	GROUP		COMPANY	
		FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Assets					
Financial assets mandatorily at fair value through profit or loss					
Restricted investments in rehabilitation portfolio	10	166 952	125 016	-	-
		166 952	125 016	-	-

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

Level 1 fair values for debt instruments held in the environmental rehabilitation funds are based on quotes provided by the financial institutions at which the funds are invested at measurement date. These financial institutions invest in instruments which are listed.

38. Share-based payments**Share-based payments – composition and analysis**

Movements in the number of share options outstanding and their related weighted average share price at the exercise date of options are as follows:

	GROUP			
	FY25		FY24	
	Number	Weighted exercise price (cents)	Number	Weighted exercise price (cents)
Share option group				
Outstanding at the beginning of the year	-	-	1 175	193
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(1 175)	(193)
As at year-end	-	-	-	-

Notes to the consolidated and separate annual financial statements continued

39. Going concern

Group results

For the year ended 31 March 2025, the group generated a profit of R10 million (FY24: R143 million loss). The EBITDA for the year amounted to R429 million (FY24: R25 million). While operating profit improved to R189 million (FY24: R309 million loss).

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

- Vanggatfontein resumed operations after having been on care and maintenance and ramped up production, resulting in rectification sales through Neosho of about 374kt. In FY26, Eskom awarded Vanggatfontein its own CSA. Operations are currently being conducted under a section 155 creditors' compromise;
- Third-party rectification sales through Neosho increased from approximately 1.5mt to 2.5mt, representing an increase of 62%;
- Loss-making operations (Vanggatfontein and Elandspruit) were curtailed and restructured under a section 155 creditors' compromise and business rescue legal processes, respectively; and
- Inventory losses arising from burning stock due to spontaneous combustion were lower as a result of improved operating procedures for stockpile management.

Cash generated from operations amounted to R462 million (FY24: R485 million) which enabled the group to settle R191 million (FY24: R162 million) including interest of R42 million (FY24: R63 million) towards the term loan and the RCF in the current year. The term loan was fully settled in May 2024.

Excess proceeds of R49 million from the Keaton Mining Machinery that was surrendered to the lenders and auctioned in FY25 were used to reduce the RC Floan (refer to note 19).

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

- a significant increase in sales at Salungano Trading as a result of the turnaround strategy being implemented by that business unit;
- achievement of production and sales targets;
- extension of the Neosho Trading 86 CSA with Eskom; and
- successful implementation of the section 155 plan.

Group

As at 31 March 2025, the group had a net overdraft of R23 million (FY24: R7 million cash balance) and available facilities on the GBF amounted to R5 million (FY24: R51 million).

As at 31 March 2025, the total assets exceeded the total liabilities of the group by R15 million (FY24: R4 million) indicating that the group was solvent. The solvency position improved slightly despite the recognition of an impairment of R5 million (FY24: R369 million) relating to property, plant and equipment and financial assets in profit or loss and other comprehensive income.

Management is of the view that the solvency position has improved significantly in subsequent periods due to the resumption of operations at Vanggatfontein (Keaton Mining) and the significant reduction in external debt.

However, as at 31 March 2025, the group's current liabilities of R885 million (FY24: R1 489 million) exceeded the current assets of R801 million (FY24: R856 million) indicating that the group was not liquid at year-end. This indicates that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

While Neosho Trading 86 Proprietary Limited's (Moabsvelden) has commenced the process of extending its CSA with Eskom, Eskom has entered into a CSA with Keaton Mining to supply coal to various power stations.

As disclosed in note 19, the RCF balance as at 31 March 2025 was R225 million. In subsequent months, this balance was fully settled by 28 November 2025. The company anticipates that the outstanding amount on the GBF will be fully settled by 31 March 2026.

Cash generation from Neosho Trading 86 Proprietary Limited (Moabsvelden Mine) and the cash requirements of both the group and the company enabled the group to settle the RCF by the end of November 2025. In addition, proceeds from the Keaton Mining Machinery were used during the current financial year to reduce the RCF balance. The GBF outstanding balance was R10 million at the end of February 2026 and Neosho has ceded an investment of R10 million to the lenders as security for the GBF. These factors form the basis for the group's cash flow assumptions for the next 18 months ending August 2027.

Notes to the consolidated and separate annual financial statements continued

39. Going concern continued

Company

For the year ended 31 March 2025, the company incurred a loss of R8 million (FY24: R762 million loss). The loss in the current year arose mainly from ECLs on trade and other receivables and intercompany loans. The loss in FY24 arose mainly from credit loss allowances and impairments of investments.

As at 31 March 2025, the company had an overdraft of R86 million (FY24: R39 million) and the available facilities on the GBF amounted to R4 million (FY24: R51 million). As at 31 January 2026, the overdraft had reduced to R29 million and is expected to be settled by 31 March 2026.

The company's total liabilities exceeded total assets by R341 million (FY24: R333 million) indicating that the company was insolvent at year-end. This indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, accordingly, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The solvency position was affected by impairments of R33 million (FY24: R766 million) relating to financial assets and investments in subsidiaries recognised in profit and loss and other comprehensive income.

The negative net current position is impacted by the inclusion of the lender's loan being classified as current due to SLG being in default of the loan agreement from the prior period. Subsequent to year-end, a debt standstill agreement was concluded with the lenders on 28 November 2025, in terms of which the facilities are expected to be fully repaid by March 2026 (refer to note 40.1).

The balance of the negative net position is as a result of the intercompany loans and the prior period impairment of the investments in KEH and Salungano Trading. An intercompany loan of R277 million owing to Salungano Trading is classified as a current liability as it has no fixed repayment terms; however, the entity will defer repayment until liquidity has been restored.

Adequate cash is expected to be generated from Neosho to enable SLG to meet all its commitments, with continued support from the lenders.

SLG is dependent on its subsidiaries to meet its loan repayment obligations. As the subsidiaries are co-obligors to the loan facilities, SLG expects to meet all of its obligations when they fall due.

Based on the cash flow forecasts, expected operational improvements, settlement of the RCF subsequent to year-end, and continued support from lenders, the directors believe that the group and company will have adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the realisation of assets and settlement of liabilities will occur in the normal course of business.

40. Post-financial year-end events

40.1 Lending arrangements

The company has been in breach of its loan facilities since 21 June 2023 when it was unable to secure a refinancing agreement with its lenders. On 27 August 2025, the company concluded a standstill agreement with its lenders in terms of which the lenders have agreed to standstill on their legal rights, provided the company complies with the repayment and other terms of the agreement. Subsequently, the group was able to make repayments to the RCF loan in full at the end of November 2025, and the GBF is now expected to be fully settled by 31 March 2026. As at 28 February 2026, the GBF outstanding balance is R10 million and Neosho Trading 86 has ceded a R10 million investment to the lenders as security for the outstanding GBFs.

40.2 Keaton Mining CSA

Keaton Mining has executed a CSA with Eskom Holdings SOC Limited for the supply of coal from its Vanggatfontein Colliery to an Eskom-designated power station. The agreement was executed on 20 October 2025. The contract period is expected to run for approximately five years and two months, expiring once the contracted total energy quantity of approximately 6.5mt has been delivered.

40.3 Neosho SARS diesel rebates

In October 2022, SARS initiated a diesel audit covering the rebate refund period from July 2021 to July 2022. This audit period was subsequently extended to September 2024 following a SARS site visit in October 2024. In December 2025, SARS issued a letter to disallow diesel rebate refunds amounting to R76 million which resulted in an increase in cost of sales and a corresponding decrease to the value added tax receivable in trade and other receivables. The diesel rebates receivable was reversed in FY25 in accordance with IAS 10 as an adjusting event. Management intends to appeal the decision taken by SARS. (Refer to note 16 and note 27).

Notes to the consolidated and separate annual financial statements continued**41. Related parties****Relationships**

Subsidiaries	Salungano Trading Proprietary Limited Salungano Resources Proprietary Limited Salungano Power Proprietary Limited Blanford 006 Proprietary Limited Proudafrique Trading 147 Proprietary Limited Keaton Energy Holdings Limited Keaton Mining Proprietary Limited Leeuw Braakfontein Colliery Proprietary Limited Labohlano Trading 46 Proprietary Limited Neosho Trading 86 Proprietary Limited Salungano Agriculture Proprietary Limited Refer to note 8
Joint ventures	Arnot HoldCo Proprietary Limited Arnot OpCo Proprietary Limited (refer to note 9)
Investee	Wescoal Mining Proprietary Limited (in business rescue)
Shareholders	RBFT Investments Proprietary Limited K2016316243 (SA) Proprietary Limited MR Ramaite Wescoal Share Incentive Trust
Members of key management interests	Simeka Capital Holdings Proprietary Limited Gundo Logistics & Projects Proprietary Limited Venda Football Academy Club
Group executive committee	Key management personnel who have the authority and responsibility for planning, directing and controlling activities of the company and subsidiaries
Employee share incentive scheme	Wescoal Share Incentive Trust
Members of key management	Refer to directors' remuneration (refer to note 43)

Notes to the consolidated and separate annual financial statements continued41. Related parties continued

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Related party balances				
Loan accounts – owing (to)/by related parties				
Salungano Trading Proprietary Limited	–	–	(277 638)	(277 638)
Proud Afrique Trading 147 Proprietary Limited	1 016	1 016	1 016	1 016
Wescoal Mining Proprietary Limited	229 480	180 307	188 133	180 307
Wescoal Mining Proprietary Limited (in business rescue)	(206 622)	(206 622)	–	–
Salungano Power Proprietary Limited	–	–	(602)	(602)
Blanford 006 Proprietary Limited	–	–	4 325	2 958
Neosho Trading 86 Proprietary Limited	–	–	–	5 000
Salungano Power Proprietary Limited	–	–	(548)	(548)
Keaton Energy Holdings Limited	–	–	144 647	299 847
Salungano Agriculture Proprietary Limited	–	–	38	338
Keaton Mining Proprietary Limited	–	–	1 200	1 200
RBFT Investments Proprietary Limited	(53 771)	(74 942)	(42 888)	(65 424)
Refer to notes 11, 21 and 25 for terms and conditions				
Amounts included in trade receivable/(trade payable) regarding related parties				
Blanford 006 Proprietary Limited	–	–	4 327	2 508
Keaton Energy Holdings Limited	–	–	89	(27 600)
Keaton Energy Holdings Limited	–	–	(971)	(1 756)
Keaton Mining Proprietary Limited	–	–	33 777	12 719
Keaton Mining Proprietary Limited	–	–	(534)	(10)
Keaton Mining Proprietary Limited	–	–	9 672	9 672
Neosho Trading 86 Proprietary Limited	–	–	16 812	63 797
Neosho Trading 86 Proprietary Limited	–	–	(52)	(52)
Wescoal Mining Proprietary Limited (in business rescue)	–	–	28 512	15 799
Salungano Trading Proprietary Limited	–	–	13 739	6 507
Salungano Trading Proprietary Limited	–	–	(460)	(1 182)
Wescoal Mining Proprietary Limited (in business rescue)	–	–	(1 283)	–
Shares held by the Trust				
Wescoal Share Trust (number of shares '000)	–	9 508	–	9 508

Notes to the consolidated and separate annual financial statements continued41. Related parties continued

	GROUP		COMPANY	
	FY25 R'000	FY24 R'000	FY25 R'000	FY24 R'000
Related party transactions				
Interest (received from)/paid to related parties				
Wescoal Mining Proprietary Limited (in business rescue)	-	-	-	(7 316)
Keaton Energy Holdings Limited	-	-	-	(6 562)
RBFT Investments Proprietary Limited	7 829	9 581	6 463	8 324
Administration fees paid to/(received from) related parties				
Blanford 006 Proprietary Limited	-	-	(1 582)	(3 500)
Wescoal Mining Proprietary Limited (in business rescue)	(9 308)	(776)	(9 308)	(17 863)
Salungano Trading Proprietary Limited	-	-	(4 745)	(10 501)
Salungano Trading Proprietary Limited	-	-	-	2 745
Keaton Energy Holdings Limited	-	-	-	2 697
Keaton Mining Proprietary Limited	-	-	(15 815)	(14 297)
Neosho Trading 86 Proprietary Limited	-	-	(126 702)	(116 145)
Arnot OpCo Proprietary Limited	-	18 200	-	-
Other related party expenses				
Office rentals from Simeka Capital Holdings Proprietary Limited	1 633	1 527	1 633	1 527
Transportation services from Gundo Logistics & Projects Proprietary Limited	2 502	17 077	-	-
Venda Football Academy Club	-	3 600	-	-
Compensation to directors and other key management				
Non-executive directors' fees	3 863	2 518	-	-
Remuneration	11 827	10 832	-	-
Retirement and medical contributions	592	775	-	-
Fringe benefits and bonus	3 365	1 463	-	-

42. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic (loss)/earnings per share is based on net (loss)/profit for the year, attributable to owners of the company, divided by the weighted average number of ordinary shares in issue during the year.

	GROUP	
	FY25 R'000	FY24 R'000
Basic earnings/(loss) per share (cents)		
Net profit/(loss) attributable to owners of the company (rand)	10 411	(143 173)
Weighted average number of ordinary shares in issue	410 408	410 408
Basic earnings/(loss) per share (cents)	2.54	(34.89)

Notes to the consolidated and separate annual financial statements continued**42. Earnings/(loss) per share** continued**Diluted earnings per share**

The calculation of diluted earnings/(loss) per share is based on net profit/(loss) for the year attributable to owners of the company. The weighted average number of shares in issue is adjusted to assume conversion of all potential dilutive shares as a result of share options granted under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	GROUP	
	FY25 R'000	FY24 R'000
Diluted earnings/(loss) per share (cents)		
Weighted average number of ordinary shares in issue	410 408	410 408
Weighted average number of shares for diluted earnings per share*	410 408	410 408
Diluted (loss) per share (cents)	2.54	(34.89)

* As the group was in a loss-making position in 2024, the impact of share options would be anti-dilutive and is therefore not taken into account.

Headline earnings/(loss) and diluted headline earnings/(loss) per share

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

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable remeasurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

Headline (loss)/earnings and diluted headline earnings/(loss) are determined by adjusting basic earnings/(loss) and diluted earnings/(loss) by excluding separately identifiable remeasurement items in terms of the JSE headline earnings circular, HEPS Circular 1/2023.

The calculation of headline earnings/(loss), net of taxation and non-controlling interest, per share is based on the basic earnings/(loss) per share calculation adjusted for the following items:

	GROUP			
	FY25		FY24	
	Gross	Net of tax	Gross	Net of tax
Headline/diluted headline loss per share				
Net loss for the year attributable to owners of the company	(45 216)	10 411	(188 547)	(143 173)
Profit/(loss) on disposal of property, plant and equipment	34	24	(263)	(187)
Gain on deconsolidation	-	-	(402 950)	(402 950)
Impairment of property, plant and equipment	326	326	37 358	37 358
Goodwill impairment	-	-	49 660	49 660
Headline loss	(44 857)	10 761	(504 742)	(459 292)
Headline loss per share (cents)	-	2.62	-	(111.91)
Diluted headline loss per share (cents)*	-	2.62	-	(111.91)

* As the group was in a loss-making position in 2024, the impact of share options would be anti-dilutive and is therefore not taken into account.

Notes to the consolidated and separate annual financial statements continued**43. Directors' and prescribed officers' emoluments****Executives**

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

	GROUP				
	Remuneration R'000	Medical and provident fund con- tributions R'000	Annual bonus R'000	Fringe and other benefits R'000	Cash total R'000
FY25					
MR Ramaite	4 761	–	403	–	5 163
KM Maroga*	2 833	248	280	2 301	5 662
T Tshithavhane	4 234	343	381	–	4 958
	11 827	592	1 064	2 301	15 784
FY24					
MR Ramaite	4 000	–	333	–	4 333
KM Maroga*	2 800	400	767	–	3 967
T Tshithavhane	4 032	375	363	–	4 770
	10 832	775	1 463	–	13 070

* KM Maroga resigned as CFO on 18 February 2025 and Jannie Muller was appointed as the acting CFO.

Non-executives

Non-executive remuneration for attending meetings.

	GROUP	
	FY25 R'000	FY24 R'000
HLM Mathe	931	978
C Maswanganyi	433	518
ET Mzimela	490	532
N Siyotula*	–	143
N Mnxasana*	–	103
A Mabizela*	–	103
TT Tshikovhi	656	47
M Malunga	676	47
SN Maninjwa	676	47
	3 863	2 518

* Resigned in FY24.

Notes to the consolidated and separate annual financial statements continued**44. Segment report****Accounting policies relating to segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the group executive committee that makes strategic decisions.

Segment reporting – composition and analysis

For management purposes, the group is organised into business units based on their products and activities and has four reportable operating segments:

- The Mining segment is involved in the exploration, beneficiation and mining of bituminous coal;
- The Trading segment buys and sells coal to inland customers;
- The property rental segment rents property to other segments within the group; and
- The investment holding segment is the holding company of the group and also acts as a central treasury function.

No operating segments have been aggregated to form the above reportable operating segments. The group executive committee is the group's chief decision-making body. Management has determined the operating segments based on the information received by the group executive committee. Annual segment performance is evaluated based on revenue and on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

All revenue is primarily generated from customers in Southern Africa and all operating assets are situated in South Africa. The Mining segment generates its revenue mainly from sales to parastatal and other institutions. The Trading segment generates its revenue from sales to a variety of customers that include the private sector, government institutions, mining entities and various small and medium enterprises.

Notes to the consolidated and separate annual financial statements continued44. Segment report continued

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

Notes to the consolidated and separate annual financial statements continued44. Segment report continued

	GROUP					
	Mining R'000	Trading R'000	Property rental and other R'000	Investment holding R'000	Inter- segment eliminations R'000	Consolidated R'000
31 March 2024						
Local	(844)	308 173	1 990	–	–	309 320
Eskom sales	3 070 422	–	–	–	(519 472)	2 550 951
Export sales	–	–	–	–	–	–
Rental income	536	–	4 517	–	(3 738)	1 315
Transport	853 112	52 708	–	–	(114 682)	791 137
Administration and management fees	–	2 745	–	165 003	(166 972)	776
External customers	3 923 227	363 626	6 507	165 003	(804 864)	3 653 498
Inter-segment	–	–	–	–	–	–
Total revenue	3 923 227	363 626	6 507	165 003	(804 864)	3 653 498
Cost of sales	(3 435 441)	(313 204)	(889)	–	628 154	(3 121 379)
Gross profit/(loss)	268 880	48 070	5 606	164 970	(195 113)	292 413
Other income/(expenses)	64 710	21	3 848	5	(5 526)	63 058
Movement in credit loss allowances	–	–	–	–	–	–
Operating expenses	(355 390)	(37 926)	19 988	(555 610)	358 137	(570 801)
Operating profit/(loss)	(21 800)	10 165	29 442	(390 635)	157 497	(215 330)
Finance income	670	4	–	120 828	(116 798)	4 704
Finance cost	(323 150)	(1 707)	(2)	(79 600)	116 798	(287 661)
Depreciation and amortisation	(1 639)	(1 990)	–	(2 563)	–	(6 193)
Impairment	–	(16 968)	(37 358)	(812 021)	779 329	(87 017)
Gain on deconsolidation	402 950	–	–	–	–	402 950
Profit/(loss) before income tax	57 031	(10 497)	(7 917)	(1 163 991)	936 826	(188 547)
Gain/(loss) on sale of assets	–	–	–	–	–	–
Total assets	3 296 102	107 152	177 612	334 534	26 888	3 942 288
Total liabilities	(4 108 495)	(39 779)	(242 973)	(570 792)	1 024 142	(3 937 898)
EBITDA	197 106	12 779	29 454	(390 602)	175 901	24 640

Notes to the consolidated and separate annual financial statements continued**45. Deconsolidation****Loss of control over subsidiaries**

On 10 August 2023, IPP Mining and Materials Handling Proprietary Limited, a mining contractor of Wescoal Mining, initiated a provisional winding-up application against Wescoal Mining. Subsequently, Wescoal Mining contested the liquidation application. On 24 August 2023, a settlement was reached between Wescoal Mining and IPP, formalised through a court order reflecting the agreed-upon terms. Consequently, the liquidation application was withdrawn. In line with a board resolution pursuant to section 129(1) of the Companies Act, Wescoal Mining opted to initiate a voluntary business rescue process, commencing on 25 August 2023.

Three senior business rescue practitioners were successfully appointed at the CIPC on 28 August 2023, and the initial creditors' meeting for Wescoal Mining (in business rescue) took place on 11 September 2023.

Having considered the requirements of IFRS 10 and the relevant provisions in the Companies Act, the directors have determined that the group no longer meets the requirements for "control" over Wescoal Mining and its subsidiaries, effective from 28 August 2023, when control of Wescoal Mining was transferred to business rescue practitioners. In terms of section 140 of the Companies Act, the three business rescue practitioners took full management and control over the company. The practitioners assumed control over key decision-making processes, including strategic decisions, financial matters and operational decisions. This effectively reduces the group's power over Wescoal Mining as an investee, as the parent's ability to influence the investee's activities is now subject to the discretion of the practitioners. The impact on the group's financial results between 28 August 2023 and 30 September 2023 was considered insignificant due to operations being on stoppage during that time. Wescoal Mining has been deconsolidated as from 30 September 2023 ("effective date of deemed disposal").

The loss of control over the subsidiary was recognised in accordance with the requirements of IFRS 10 as it was not due to the disposal of Wescoal Mining. For the prior financial year, Wescoal Mining contributed R428 million towards the group's revenue before the deemed disposal.

Notes to the consolidated and separate annual financial statements continued**45. Deconsolidation** continued**Loss of control over subsidiaries** continued

The group retains 100% of the equity in Wescoal Mining, however, the equity value is deemed to be nil due to the negative equity position of Wescoal Mining on the effective date of deconsolidation. The investment in Wescoal Mining as a subsidiary was fully impaired in FY23 due to the recoverable amount being less than the carrying amount of all CGUs.

The carrying amounts of assets and liabilities on the date when control was lost over the subsidiaries:

	GROUP
	FY24 R'000
Non-current assets	
Property, plant and equipment	314 378
Deferred tax	187 508
Intangible assets	4 464
Restricted investments	85 691
Prepayments	1 054
Current assets	
Cash and cash equivalents	7 713
Inventories	148 959
Loans to/from group companies	6 792
Prepayments (if material)	1 254
Trade and other receivables	130 708
Total assets	888 520
Current liabilities	
Current tax payable	(3 173)
Loan from shareholder	(1 750)
Trade and other payables	(575 223)
Non-current liabilities	
Environmental rehabilitation provision	(711 324)
Total liabilities	(1 291 470)
Carrying amount of net assets deconsolidated	(402 950)
Total consideration – cash/debt set-off	–
Gain on deconsolidation	402 950
Net cash	
Cash received	–
Less: Cash and cash equivalents balance of deconsolidated subsidiaries	(7 713)
Net cash received on deconsolidation	(7 713)

Notes to the consolidated and separate annual financial statements continued**45. Deconsolidation** continued**Loans with related parties**

Relates to the intercompany loans between Salungano group companies and Wescoal Mining Proprietary Limited and its subsidiaries. As a result of the loss of control over the subsidiaries, the outstanding loans as at the deemed disposal date have been recognised in the Salungano results as a receivable or a payable.

	GROUP	
	FY25 R'000	FY24 R'000
Loans receivable from Wescoal Mining Proprietary Limited (in business rescue) and its subsidiaries	230 496	181 323
Loss allowance recognised against outstanding balance	(174 252)	(165 366)
Loans payable to Wescoal Mining Proprietary Limited (in business rescue) and its subsidiaries	(206 622)	(206 622)
Closing balance	(150 379)	(190 665)

46. Reportable Irregularities

ID	Irregularity	Detail description	Action	Status
1	Late submission of annual results, resulting in non-compliance with the JSE Listings Requirements and late submission of annual results, resulting in non-compliance with the Companies Act of 2008.	Salungano did not issue a full set of the annual financial statements for the year ended 31 March 2024 by the stipulated deadline of 30 June 2024, leading to non-compliance with paragraph 2.15 of the JSE Listings Requirements. Furthermore, Salungano did not adhere to the provisions of section 30(1) of the Companies Act, failing to have the annual financial statements prepared within the required four-month period, as specified by both the Companies Act and the JSE regulations.	The financial statements for the year ended March 2024 were published on 7 October 2025.	Completed
2	Late submission of annual results, resulting in non-compliance with the JSE Listings Requirements and late submission of annual results, resulting in non-compliance with the Companies Act of 2008.	Salungano did not issue a condensed and full set of the interim and annual financial statements for the period ended 30 September 2024 by the stipulated deadline of 31 December 2024 and year ended 31 March 2025 by the stipulated deadline of 30 June 2025, leading to non-compliance with paragraph 2.15 of the JSE Listings Requirements. Furthermore, Salungano did not adhere to the provisions of section 30(1) of the Companies Act, failing to have the annual financial statements prepared within the required four-month period, as specified by both the Companies Act and the JSE regulations.	The financial statements for the year ended March 2025 will be published by the end of March 2026 and the interim annual financial statements for FY25 were published on 12 December 2025.	In progress



SHAREHOLDER INFORMATION

Analysis of ordinary shareholders

as at 31 March 2025

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	4 935	73.74	690 771	0.16
1 001 – 10 000	1 194	17.84	4 585 750	1.09
10 001 – 100 000	493	7.37	14 629 072	3.48
100 001 – 1 000 000	52	0.78	14 919 559	3.55
Over 1 000 000	18	0.27	385 091 702	91.71
Total	6 692	100	419 916 854	100

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Close corporations	24	0.36	372 351	0.09
Collective investment schemes	1	0.01	192 937	0.05
Control accounts	1	0.01	9	0.00
Custodians	8	0.12	898 892	0.21
Foundations and charitable funds	4	0.06	69 156	0.02
Investment partnerships	9	0.13	201 314	0.05
Private companies	48	0.72	312 141 582	74.33
Public companies	1	0.01	1	0.00
Retail shareholders	6 502	97.16	76 075 863	18.12
Scrip lending	1	0.01	7 347	0.00
Share schemes	1	0.01	9 508 000	2.26
Stockbrokers and nominees	10	0.15	1 495 573	0.36
Trusts	76	1.14	18 756 279	4.47
Unclaimed scrip	6	0.09	197 550	0.05
Total	6 692	100	419 916 854	100

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

Analysis of ordinary shareholders continued

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	7	0.10	337 252 125	80.31
Directors and associates (direct holding)	3	0.04	26 495 816	6.31
Directors and associates (indirect holding)	2	0.03	87 620 187	20.87
Beneficial holders > 10%				
K2016316243 (SA) Proprietary Limited (Empowerment SPV)	1	0.01	213 628 122	50.87
Share schemes	1	0.01	9 508 000	2.26
Public shareholders	6 685	99.90	82 664 729	19.69
Total	6 692	100	419 916 854	100

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
K2016316243 (SA) Proprietary Limited	213 628 122	50.87
RBFT Investments Proprietary Limited	86 626 187	20.63
MR Ramaite	23 193 301	5.52
Total	323 447 610	77.03

Total number of shareholdings	6 692
Total number of shares in issue	419 916 854

Share price performance

Opening price 1 April 2024	R0.50
Closing price 31 March 2025	R0.50
Closing high for period	R0.00
Closing low for period	R0.00
Number of shares in issue	419 916 854
Volume traded during period	–
Ratio of volume traded to shares issued (%)	0.00
Rand value traded during the period	R0
Price/earnings ratio as at 31 March 2025	0.20
Earnings yield as at 31 March 2025	507.35
Dividend yield as at 31 March 2025	–
Market capitalisation at 31 March 2025	R209 958 427

Definitions

ABF	Asset-based finance
ADR	Alternative Dispute Resolution
AGM	Annual general meeting
B-BBEE	Broad-based Black Economic Empowerment
Centriq	Centriq Insurance Innovation
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash-generating unit
CIPC	Companies and Intellectual Property Commission
Companies Act	Companies Act of South Africa, 71 of 2008
CSA	Coal supply agreement
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
Elandspruit	Elandspruit Colliery/Mine
Eskom	Eskom Holdings SOC Limited
FY23	Financial year ended 31 March 2023
FY24	Financial year ended 31 March 2024
FY25	Financial year ended 31 March 2025
FY26	Financial year ending 31 March 2026
GBF	General banking facility
HEPS	Headline earnings per share
IAS	International Accounting Standard
IBORs	Interbank Offered Rates
IFRS	IFRS® Accounting Standards as issued by the International Accounting Standards Board
IPP	IPP Mining and Materials Handling Proprietary Limited
IRBA	Independent Regulatory Board for Auditors
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors
IT	Information technology

JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange Limited
Keaton	Keaton Mining Proprietary Limited
KEH	Keaton Energy Holdings
Khanyisa	Khanyisa Colliery/Mine/Complex
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
LGD	Loss given default
LOM	Life of mine
Moabsvelden	Moabsvelden Mine/Colliery/Project
mt	Million tonnes
Nedbank	Nedbank Limited
PD	Probability of default
RCF	Revolving credit facility
ROM	Run of mine
SAICA	South African Institute of Chartered Accountants
Salungano	Salungano Group Limited
SARS	South African Revenue Service
SME	Small to medium-sized enterprise
SNG Grant Thornton	SizweNtsalubaGobodo Grant Thornton
SPV	Special purpose vehicle
Standard Bank	Standard Bank of South Africa Limited
The board	The board of directors of Salungano Holdings Limited
The group	Salungano Holdings Limited and its subsidiaries and associates
The previous year	The year ended 31 March 2024
The year	The year ended 31 March 2025
WACC	Weighted average cost of capital
ZARONIA	South African Rand Overnight Index Average

General information

Salungano Group Limited

Incorporated in the Republic of South Africa
(Registration number: 2005/006913/06)
Share code: SLG
ISIN: ZAE000306890
("Salungano" or "the company" or "the group")

Registered address

1st Floor, Building 10
142 Western Service Road
Woodmead 2191

Postal address

PO Box 1962, Edenvale 1610

Nature of business and principal activities

The mining, processing, sale and distribution of thermal coal

Directors

Dr HLM Mathe (*Chairman, independent non-executive*)
M Malunga (*Independent non-executive*)
SN Maninjwa (*Independent non-executive*)
TT Tshikovhi (*Independent non-executive*)
C Maswanganyi (*Non-executive*)
ET Mzimela (*Non-executive*)
MR Ramaite (*Chief executive officer*)
T Tshithavhane (*Executive*)

Company secretary

Yolande Lemmer
Telephone: +27 (0)11 049 8611
Facsimile: +27 (0)11 570 5848

Transfer secretaries

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Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank 2196, South Africa
PO Box 61051, Marshalltown 2107, South Africa
Telephone: +27 (0)11 370 7802

Bankers

Nedbank and Standard Bank of South Africa

Sponsor

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Auditor

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