Black Mountain Mining Proprietary Limited
(Registration number 2005/040096/07)
Financial statements
for the year ended March 31, 2020

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Exploration, development, treatment, production and sale of zinc, lead, copper and associated minerals concentrates.
Directors	A Agarwal V Naidoo P Singla P Van Greunen R Smit M Snyman NM Vegter (Alternate)
Registered office	Penge Road Aggeneys Northern Cape 8893
Postal address	Private Bag X01 Aggeneys Northern Cape 8893
Holding company	All of the shares in the company are held by THL Zinc Limited (69.6%), Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (24.4%) and The Voorspoed Trust (6%).
Ultimate holding company	Vedanta Resources Limited
Bankers	Standard Bank of South Africa Limited
Auditor	Ernst & Young Inc.
Company registration number	2005/040096/07
Tax reference number	9531/662/15/4
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.
Preparer	The financial statements prepared under the supervision of Pushpender Singla CA(SA) Chief Financial Officer
Issued	June 15, 2020

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Published

June 15, 2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the 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 International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to March 31, 2021 and, in light of this review and the current financial position, they are satisfied that the company 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 company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 8 to 9.

The financial statements set out on pages 10 to 56, which have been prepared on the going concern basis, were approved by the board of directors on June 15, 2020 and were signed on their behalf by:

Approval of financial statements

P Singla

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Black Mountain Mining Proprietary Limited for the year ended March 31, 2020.

1. Nature of business

All of the shares in the company are held by THL Zinc Limited (69.6%), Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (24.4%) and The Voorspoed Trust (6%).

The Company is the holder of the new order mineral rights to the Broken Hill Deeps, Swartberg and Gamsberg ore bodies.

Broken Hill Deeps has an estimated remaining life of mine of 4 years.The mining operations began at Broken Hill in 1980 and concluded during 2006, when the development to the Deeps section was completed. Swartberg was mined on a small scale (average 25,800t/month) from 1995 but production was stopped in 2006 in an effort to get the Deeps Mine in full production. Mining from underground at Gamsberg was stopped in January 2013 and to replace this ore, and keeping the Black Mountain concentrator in full production, mining at Swartberg was re-started in 2013.

The Gamsberg ore body is situated approximately 22km from Black Mountain. A pre-feasibility study was conducted on the ore body for 300 000 metal in concentrate ("MIC") in 2000 and in 2009 a pre-feasibility study for 400 000 MIC was commenced to determine the financial viability of developing the ore body to a full scale mine. The gaps in the initial pre-feasibility study were assessed and a technical and financial pre-feasibility study was completed in September 2013. Small scale mining at Gamsberg commenced in 2003 and concluded in 2013 with the onset of the above mentioned studies. The Project was officially approved by the Company's Board in November 2014 and then officially opened on 27 July 2016. In the 2016 financial year, the Company commenced pre-start mining and pre-stripping of the pit and construction of related housing infrastructure. In the 2017 financial year the Company commenced construction of the process plant, water line and MRSS and transmission line. First ore production was achieved during November 2018. The plant was capitalised on the 1st March 2019 after reaching a steady state of production during late February 2019.

Ore Reserve	**Tonnage (Mt)**	**Grade (Zn%)**	**Grade (Pb%)**	**Metal (Zn kt)**	**Metal (Pb kt)**
Proved					
Gamsberg Mine	80.0	6.4	0.5	5,150	413
Swartberg Mine	-	-	-	-	-
BM Deeps Mine	1.5	2.9	3.1	42	50
Subtotal	52.0			5,192	463
Probable					
Gamsberg Mine	29.9	5.2	0.5	1,543	142
Swartberg Mine	25.4	0.5	1.7	131	436
BM Deeps Mine	2.5	3.1	1.6	77	39
	139.3			**6,943**	**1,080**

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

	2020	2019	2018
Authorised		Number of shares	
Ordinary shares - no par value	9,800	9,800	9,800
Class A ordinary shares - no par value	100	100	100
Class B ordinary shares - no par value	100	100	100

Directors' Report

	2020	2019	2020	2019
Issued	R '000	R '000	Number of shares	
Ordinary shares - no par value	1,000	1,000	1,000	1,000
Class A ordinary shares - no par value	-	-	32	32
Class B ordinary shares - no par value	-	-	32	32
	1,000	**1,000**	**1,064**	**1,064**

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

Other than the special dividend declared to the Voorspoed Trust beneficiaries no other dividend was declared (2018:nil)

5. Share incentive scheme

On 1 April 2017 the Company sold shares to the Voorspoed Trust with an effective holding of 6% of the Company's issued share capital. The Voorspoed Trust was established to facilitate employee share ownership with the emphasis on employees who hold junior employment positions. Therefore, the beneficiaries of the Voorspoed Trust and the shares issued are employees in key positions whose Paterson level is C band and below.

On the 20th of April 2020, the directors declared a special dividend payable to the Voorspoed Trust as per the Scheme agreements, this will be paid via a distribution of R4 375.00 to each beneficiary of the Voorspoed Trust. The same special dividend was declared on the 18th of April 2019 as per the Voorspoed Trust scheme.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
A Agarwal	Chairman, Non-executive	Indian	Appointed Sunday, May 31, 2020
V Naidoo	Deputy Chairman, Non-executive Independent	South Africa	Appointed Sunday, May 31, 2020
P Singla	Executive	Indian	Appointed Sunday, May 31, 2020
P Van Greunen	Executive	South African	Appointed Tuesday, August 27, 2019
R Smit	Non-executive	South African	
M Snyman	Non-executive	South African	
NM Vegter (Alternate)	Non-executive	South African	
GR Arun Kumar	Non-executive	Indian	Resigned Sunday, May 31, 2020
S Gargiya	Executive	Indian	
D Naidoo	Executive	South African	Resigned Monday, May 4, 2020
KK Rajagopal	Non-executive	Indian	Resigned Thursday, August 1, 2019
A J Trytsman	Executive	South African	Resigned Monday, April 15, 2019

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

The Company's financial position, its cash flows, liquidity position and borrowings are set out in the annual financial statements, which comprise the statement of financial position, statement of profit or loss and comprehensive income and statement of cash flows. In addition, details of our policy on capital risk management are set out in note 33 to the financial statements.

Directors' Report

The directors have reviewed the business plan for the next 12 months in light of the current COVID-19 global pandemic. Although there has been a reduction in demand for base metals, thus putting the LME process under pressure, the devaluation of the Rand to the US Dollar has countered the loss on the metal prices. Production at all sites was temporarily stopped for the first three weeks of the South African nation wide lockdown, however the company successfully applied for permission from the DMRE to started up reduced operations from the 16th April 2020 during the lockdown period under strict health and safety protocols.

The company were able to reduce costs by invoking Force Majeure clauses in most of its contracts, the company does not have any onerous contracts as a result of the pandemic and the company have enough cash resources and access to undrawn facilities to be able to pay its debts as they fall due.

Black Mountain Mining Proprietary Limited (BMM) realised a loss of R440 million for the year ended 31 March 2020 (31 March 2019: Profit R376 million).

9. Auditors

Ernst & Young Inc. continued in office as auditors for the company for 2020.

At the AGM, the shareholders will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the company and to confirm James Crawford Thomas as the designated lead audit partner for the 2021 financial year.

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Independent Auditor's Report

To the Shareholders of Black Mountain Mining Proprietary Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Black Mountain Mining Proprietary Limited ('the company') set out on pages 10 to 56, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 56 page document titled "Black Mountain Proprietary Limited Financial Statements for the year ended March 31, 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young Inc.

Ernst & Young Inc.
Director - James Crawford Thomas
Registered Auditor
Date: 15 June 2020

Statement of Financial Position as at March 31, 2020

Figures in Rand thousand	Note(s)	2020	2019 Restated	2018 Restated
Assets				
Non-Current Assets				
Property, plant and equipment	4	7,061,074	6,815,366	4,642,910
Goodwill	5	33,182	33,182	33,182
Intangible assets	6	172,202	87,205	45,812
Financial asset investments	7	1	1	1
Other non-financial assets		-	-	242,534
Environmental rehabilitation trust	10	154,302	142,473	130,733
		7,420,761	**7,078,227**	**5,095,172**
Current Assets				
Inventories	11	606,879	252,698	100,121
Trade and other receivables	12	302,173	463,946	297,464
Current tax receivable		11,148	11,698	11,698
Cash and cash equivalents	13	602,141	758,702	336,674
		1,522,341	**1,487,044**	**745,957**
Total Assets		**8,943,102**	**8,565,271**	**5,841,129**
Equity and Liabilities				
Equity				
Share capital	14	1	1	1
Reserves		34,121	33,637	32,322
Retained income		2,879,256	3,326,022	2,951,871
		2,913,378	**3,359,660**	**2,984,194**
Liabilities				
Non-Current Liabilities				
Loans from group companies	15	2,427,326	1,898,829	-
Interest-bearing loans and borrowings	16	536,766	788,664	-
Finance lease liabilities	17	7,388	-	-
Retirement benefit obligation	8	71,119	68,769	68,542
Deferred tax	9	912,338	1,085,677	936,040
Provisions	18	272,314	341,440	414,447
Share based payments	19	132,483	81,994	40,836
		4,359,734	**4,265,373**	**1,459,865**
Current Liabilities				
Trade and other payables	20	1,222,718	852,609	609,912
Loans from group companies	15	177	-	787,158
Interest-bearing loans and borrowings	16	438,158	87,629	-
Finance lease liabilities	17	8,937	-	-
		1,669,990	**940,238**	**1,397,070**
Total Liabilities		**6,029,724**	**5,205,611**	**2,856,935**
Total Equity and Liabilities		**8,943,102**	**8,565,271**	**5,841,129**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	2020	2019 Restated
Revenue	21	4,161,036	2,786,525
Cost of sales		(3,049,047)	(1,795,155)
Gross profit		**1,111,989**	**991,370**
Other operating income	22	14,464	14,992
Other operating gains (losses) *	23	(506,897)	(196,797)
Selling and distribution expenses		(521,175)	(240,480)
Other operating expenses		(549,217)	(115,716)
Operating (loss) profit	24	**(450,836)**	**453,369**
Investment income	25	36,587	118,736
Finance costs	26	(208,623)	(52,476)
(Loss) profit before taxation		**(622,872)**	**519,629**
Taxation	27	173,854	(148,104)
(Loss) profit for the year		**(449,018)**	**371,525**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		3,801	5,474
Income tax relating to items that will not be reclassified		(1,064)	(1,533)
Total items that will not be reclassified to profit or loss		**2,737**	**3,941**
Other comprehensive income for the year net of taxation		**2,737**	**3,941**
Total comprehensive (loss) income for the year		**(446,281)**	**375,466**

*Prior year profit from the sale of property, plant and equipment has been reclassified from other income to other operating gains/(losses). Similarly prior year loss on foreign exchange has been reclassified from other operating expenses to other operating gains/(losses).

Black Mountain Mining Proprietary Limited

(Registration number 2005/040096/07)
Financial Statements for the year ended March 31, 2020

Statement of Changes in Equity

Figures in Rand thousand	Share capital *	Merger Reserve	Retirement benefit obligation reserve**	Retained income	Total equity
Opening balance as previously reported	1	12,434	19,888	2,900,479	2,932,802
Adjustments					
Change in accounting policy	-	-	-	51,392	51,392
Balance at April 1, 2018 (Restated)	**1**	**12,434**	**19,888**	**2,951,871**	**2,984,194**
Profit for the year	-	-	-	371,525	371,525
Other comprehensive income	-	-	3,941	-	3,941
Total comprehensive income for the year	**-**	**-**	**3,941**	**371,525**	**375,466**
Amortisation of merger reserve	-	(2,626)	-	2,626	-
Balance at April 1, 2019 (Restated)	**1**	**9,808**	**23,829**	**3,326,021**	**3,359,659**
Other comprehensive income	-	-	2,737	-	2,737
Loss for the year	-	-	-	(449,018)	(449,018)
Total comprehensive Loss for the year	**-**	**-**	**2,737**	**(449,018)**	**(446,281)**
Transfer between reserves	-	-	-	-	-
Amortisation of merger reserve	-	(2,253)	-	2,253	-
Balance at March 31, 2020	**1**	**7,555**	**26,566**	**2,879,256**	**2,913,378**
Note(s)	14				

* Share Capital is net of 64 A & B Ordinary shares issued to the Voorspoed Trust. The shares are considered as Treasury shares and as such eliminated to Rnil.

** The retirement benefit obligation reserve will not be reclassified subsequently to profit or loss.

*** On the 18th of April 2019, the directors declared a special dividend payable to the Voorspoed Trust totaling R3 425 625. The dividend was eliminated to Rnil on consolidation of the shareholding held by the Voorspoed Trust. Similar a special dividend payable to the Voorspoed Trust was declared on the 24th April 2018 totaling R3 478 125.

Statement of Cash Flows

Figures in Rand thousand	Note(s)	2020	2019 Restated
Cash flows from operating activities			
Cash generated from operations	28	478,623	809,390
Interest income		23,821	18,372
Finance costs		(174,827)	(14,538)
Net cash from operating activities		**327,617**	**813,224**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,046,880)	(2,336,678)
Sale of property, plant and equipment	4	304	561
Purchase of other intangible assets	6	(84,997)	(47,196)
Rental Income		3,765	4,153
Net cash from investing activities		**(1,127,808)**	**(2,379,160)**
Cash flows from financing activities			
Proceeds from loans from group companies		528,674	1,111,671
Proceeds from borrowings		98,631	876,293
Finance lease payments		16,325	-
Net cash from financing activities		**643,630**	**1,987,964**
Total cash movement for the year		**(156,561)**	**422,028**
Cash at the beginning of the year		758,702	336,674
Total cash at end of the year	13	**602,141**	**758,702**

Accounting Policies

Corporate information

Black Mountain Mining Proprietary Limited is a private company incorporated and domiciled in South Africa.

1. Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa, 71 of 2008 of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies applied comply with Group accounting policies and are consistent with those adopted in the financial statements for the year ended 31 March 2019 except for the change in accounting policy and implementation of IFRS 16 as noted below. The Company's functional and presentation currency is South African Rand (ZAR).

1.2 Consolidation

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the company and entities controlled by the company, the Black Mountain Mining Rehabilitation Trust and the Voorspoed Trust collectively referred to as ("the Trust"). Control is achieved since the company has the power to govern the financial and operating policies of the Trusts so as to obtain benefits from its activities. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Production start date

The company assesses the stage of each mine/plant under development/construction to determine when a mine/plant moves into the production phase, this being when the mine/plant is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine/plant development/ construction project, such as the complexity of the project and its location. The company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Capital Work in Progress' to 'Mine development asset' or 'Plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

Tax matters

During April 2017 SARS issued tax assessments for the 2013-2015 tax years and 2016 - 2017 assessments were received in September 2019, disallowing certain deductions. The company lodged an appeal against this assessment and the case was referred for Alternative Dispute Resolution. As at 31 March 2020, the company is still in the process of disputing the SARS assessment. A court date has been set for October 2020, to hear both parties submissions. The company expects to succeed in challenging the reassessment and as such no provision has been made in the financial statements. The company has approached the Minister of Mines to find in favour of BMM that Deeps, Swartberg and Gamsberg are in fact one mine. This application is being made in terms of section 36(7F) of the Income Tax Act. In terms of IFRIC 23 no obligation has been calculated.

Key sources of estimation uncertainty

Ore resources estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the company’s mining properties. Such reserves and mineral resource estimates and changes to these may impact the company’s reported financial position and results, in the following way:

- The carrying value of mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the LOM method, or where the useful life of the related assets change.
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios.
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The company estimates its ore reserves and mineral resources (Life of Mine (LOM) plan) annually based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

Other sources of estimation uncertainty

Please refer to the follow notes for details on other estimation uncertainty:

- Residual value. Note 4
- Life of Mine. Note 4
- Stripping costs. Note 4
- Impairment of assets. Note 5
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Accounting Policies

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost

A 'financial asset' is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVOCI)

A 'financial asset' is classified as at FVOCI if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVOCI financial asset is reported as interest income using the EIR method.

Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial assets as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes being recognized in the statement of profit and loss.

Financial Assets - derecognition

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

1.4 Financial instruments (continued)

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are measured at amortised cost e.g., loans, debt securities and deposits
- Financial assets that are measured as at FVOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.
- Financial assets measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired(POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

The measurement of financial liabilities depends on their classification, as described below:

Accounting Policies

1.4 Financial instruments (continued)

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss

Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash. Restricted cash, such as the rehabilitation trust, is not available for use by the company and therefore is not considered highly liquid.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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 cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit 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.

Accounting Policies

1.5 Impairment of assets (continued)

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

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised except if initially attributed to goodwill.

1.6 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.7 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent, unless restricted from being exchanged or used, to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of new or revised standards. The company has also changed its accounting policy with respect to IFRS 6 Exploration for and Evaluation of Mineral Resources to align with the accounting policy of the Vedanta Limited Group. The company's strategy is to expand it's mining operations and as such exploration activities are key to fulfilling the company's strategy. Management believe that the capitalisation of exploration costs will better show the value added to the company year on year by exploration activities.

Several other amendments and interpretations applied for the first time in 2020, but did not have an impact on the financial statements of the Company and, hence, have not been disclosed. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17 other than the requirements applying to subleases. Lessors will continue to classify all leases as either operating leases or finance leases using similar principles as in IAS 17. IFRS 16 does not have any impact for leases where the Company is the lessor. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The company has elected to adopt the standard using the modified retrospective method and apply IFRS 16 retrospectively to the most current period presented in the financial statements. The cumulative effect of initially applying IFRS 16 requires an adjustment to the opening balance of retained earnings at the date of initial application. Management has assessed and concluded that the cumulative effect resulting from initial application of IFRS 16 on the company's retained earnings is nil.

The weighted average incremental borrowing rate at transition was 10.8% per annum.

Exploration costs

During the year the accounting policy relating to research and exploration costs was changed to align with the Vedanta Limited group accounting policies.

Accounting policy in prior periods:

Research and exploration expenditure is written off in the year in which it is incurred. The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mine development assets' in the year in which they are incurred. When a decision is taken that a mining property is viable for commercial production (i.e. when the Company determines that the mining property will provide sufficient and sustainable returns relative to the risk and decides to proceed with the development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property.

New accounting policy:

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as exploration and evaluation assets (intangible assets) only once it is more likely than not for the resource to result in future economic benefits for the company. Exploration and evaluation assets are stated at cost less impairment, if any. Exploration and evaluation intangible assets are transferred to property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration intangible assets under development are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Notes to the Financial Statements

2. Changes in accounting policy (continued)

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities:

• Acquisition costs - costs associated with acquisition of licenses and rights to explore, including related professional fees.

• General exploration costs - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.

• Costs of exploration drilling and equipping exploration and appraisal wells.

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license-by-license basis. Costs are held, undepleted, within exploration and evaluation assets until such time as the exploration phase on the license area is complete or commercial reserves have been discovered.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus/ deficit is recognised in the consolidated statement of profit and loss.

The aggregate effect of the changes in accounting policy on the financial statements for the year ended March 31, 2020 is as follows:

Statement of financial position 1 April 2018	**1 April 2018**	**Adjustment**	**1 April 2018 Restated**
Intangible assets	33,182	45,812	78,994
Tangible assets	4,617,344	28,442	4,645,786
Deferred tax liability	(916,054)	(20,791)	(936,845)
Retained Earnings	(2,900,479)	(53,463)	(2,953,942)

Statement of financial position 31 March 2019	**31 March 2019**	**Adjustment**	**31 March 2019 Restated**
Intangible assets	33,182	87,205	120,387
Tangible assets	6,795,521	29,200	6,824,721
Deferred tax liability	(1,055,703)	(32,593)	(1,088,296)
Retained Earnings	(3,248,945)	(83,812)	(3,332,757)

Statement of profit or loss and other comprehensive income for the year ended 31 March 2019	**31 March 2019**	**Adjustment**	**31 March 2019 Restated**
Cost of sales*	(1,830,827)	42,151	(1,788,676)
Income tax expense	(138,116)	(11,802)	(149,918)
Profit for the period	345,840	30,349	376,189

* the depreciation of the exploration costs once they are capitalised to mining assets is part of the cost of inventory and thus forms part of cost of sales and not other expenses.

3. New Standards and Interpretations

3.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after April 1, 2020 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
Amendments to IFRS 3: Definition of a Business	**1 January 2020**	**None**
Amendments to IAS 1 and IAS 8: Definition of Material	**1 January 2020**	**None**

Notes to the Financial Statements

4. Property, plant and equipment

	2020			2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	651,105	(113,534)	537,571	616,052	(64,538)	551,514	192,307	(44,657)	147,650
Plant and machinery	4,792,338	(1,214,275)	3,578,063	4,644,594	(854,720)	3,789,874	1,752,153	(946,529)	805,624
Mine development assets	3,945,488	(1,444,998)	2,500,490	2,467,183	(343,661)	2,123,522	363,010	(14,309)	348,701
Decommissioning cost	100,897	(79,969)	20,928	196,792	(60,292)	136,500	301,394	(25,791)	275,603
Capital - Work in progress	424,022	-	424,022	213,956	-	213,956	3,068,208	-	3,068,208
Total	**9,913,850**	**(2,852,776)**	**7,061,074**	**8,138,577**	**(1,323,211)**	**6,815,366**	**5,677,072**	**(1,031,286)**	**4,645,786**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Disposals	Depreciation	Re-estimation - non cash flow	Total
Buildings	551,514	35,053	-	-	(48,996)	-	537,571
Plant and machinery	3,789,874	163,940	47,586	(7,796)	(415,541)	-	3,578,063
Mine development assets	2,123,522	590,054	-	-	(213,086)	-	2,500,490
Decommissioning cost	136,500	-	-	-	(19,678)	(95,894)	20,928
Capital - Work in progress	213,956	257,833	(47,586)	(181)	-	-	424,022
	6,815,366	**1,046,880**	**-**	**(7,977)**	**(697,301)**	**(95,894)**	**7,061,074**

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Disposals	Transfers from advances paid to suppliers	Borrowing costs capitalised	Foreign exchange on loan capitalised	Transfers from intangible assets	Depreciation	Re-estimation - non cash flow	Total
Buildings	147,650	1,438	422,307	-	-	-	-	-	(19,881)	-	551,514
Plant and machinery	805,624	72,148	3,115,691	(527)	-	-	-	-	(203,062)	-	3,789,874
Mine development assets	345,825	436,572	1,385,308	-	-	-	-	5,803	(49,986)	-	2,123,522
Decommissioning cost	275,603	-	-	-	-	-	-	-	(34,501)	(104,602)	136,500
Capital - Work in progress	3,068,208	1,678,386	(4,923,306)	-	242,534	115,297	32,837	-	-	-	213,956
	4,642,910	**2,188,544**	**-**	**(527)**	**242,534**	**115,297**	**32,837**	**5,803**	**(307,430)**	**(104,602)**	**6,815,366**

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

4. Property, plant and equipment (continued)

Property, plant and equipment - accounting policy

Mining Assets

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mine development assets' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production (i.e. when the company determines that the mining property will provide sufficient and sustainable returns relative to the risk and decides to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production.

The stripping cost incurred during the production phase of a surface mine are deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and is recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met.

When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The company uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore/mineral production for the purpose of determining the cost of the stripping activity asset. Deferred stripping costs are included in mining properties within Property, plant and equipment and disclosed as a part of Mine development assets. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs i.e. when the company determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the company decides not to proceed with the mine development.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code, 'MORC' Code or 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Assets under construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the income statement for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Depreciation and Amortisation

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised.

Mining properties and plant and equipment are depreciated down to their residual values with reference to the expected units of production using the life of mine method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write-down to the recoverable amount is charged to profit or loss.

Buildings, vehicles, furniture and fittings and computer equipment are depreciated down to their estimated residual values at varying rates, on the straight-line basis over their estimated useful lives or the life of mine whichever is shorter. Estimated useful lives are as follows:

- Buildings 25 years
- Vehicles 4 years
- Computer equipment 3 years
- Furniture and fittings 10 years

Residual values and useful economic lives are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of tangible and intangible assets excluding goodwill

At each reporting period end, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment is recognised as income immediately.

5. Goodwill

	2020			2019			2018		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	33,182		33,182	33,182		33,182	33,182		33,182

Key assumptions used in impairment calculations are:

Goodwill arises on an acquisition of a business and is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Notes to the Financial Statements

5. Goodwill (continued)

The company tests the total intangible and tangible assets for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The following cash generating units ("CGU") have been identified:

- Deeps & Swartberg mining operations; and
- Gamsberg

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding resource availability, the discount rates, growth rates, exchange rates and expected changes to commodity prices. Management estimates discount rates using pre-tax rates that reflect current market conditions of the time value of money and the risks specifically associated with the CGU's. Growth rates are based on industry growth forecasts. Changes in commodity prices are based on past practices and expectations of future changes in the market.

Key assumptions used in impairment calculations are:

Deeps & Swartberg mining operations	2020	2019
• Average foreign Exchange rate (ZAR/USD)	14.89	14.53
• Average zinc price (USD/t)	2,391	2,589
• Average lead price (USD/t)	2,029	2,111
• Average copper price (USD/t)	6,621	7,123
• Average silver price (USD/ounce)	19	18
• Discount rate	14.24%	15.30%
• Ore Resource (k/t)	6,459	7,207

Gamsberg Project	2020	2019
• Average foreign Exchange rate (ZAR/USD)	15.98	16.09
• Average zinc price (USD/t)	2,542	2,657
• Average lead price (USD/t)	2,100	2,163
• Discount rate	14.24%	16.30%
• Ore Resource (k/t)	53,602	53,023
• Average zinc treatment charges (USD/t)	240	347

At 31 March 2020 and 31 March 2019, no impairment was necessary for intangible and tangible assets for both CGU's.

Goodwill - accounting policy

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indicatio amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount c other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised c loss and comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss c

6. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	172,202	-	172,202	87,205	-	87,205

	2018		
	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	45,812	-	45,812

6. Intangible assets (continued)

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Total
Exploration asset	87,205	84,997	172,202

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Transfers	Total
Exploration asset	45,812	47,196	(5,803)	87,205

Exploration costs - accounting policy

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as exploration and evaluation assets (intangible assets) only once it is more likely than not for the resource to result in future economic benefits for the company. Exploration and evaluation assets are stated at cost less impairment, if any. Exploration and evaluation intangible assets are transferred to property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration intangible assets under development are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities:

- Acquisition costs - costs associated with acquisition of licenses and rights to explore, including related professional fees.
- General exploration costs - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
- Costs of exploration drilling and equipping exploration and appraisal wells.

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license-by-license basis. Costs are held, undepleted, within exploration and evaluation assets until such time as the exploration phase on the license area is complete or commercial reserves have been discovered.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus/ deficit is recognised in the consolidated statement of profit and loss.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019	2018

7. Other financial assets

Fair value through profit or loss

Listed shares	1	1	1

The balance consists of an investment in The Rand Mutual Assurance Company Limited.

8. Retirement benefits

Defined Contribution Plans

The company operates defined contribution schemes for its employees as well as post-retirement medical plans. For defined contribution schemes the amount charged to profit or loss is the contributions paid or payable during the year. The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contribution payable by the company in the financial year.

The defined contribution pension cost represents the actual contributions payable by the company to the various plans. At 31 March 2020, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the statement of financial position in relation to these plans.

Defined contribution plans are governed by the South African Pension Fund Act.

Defined benefit plan

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. These plans are unfunded. The post retirement medical plans is accounted for as a defined benefit plan.

The principal assumptions used to determine the actuarial present value of benefit obligations in terms of IAS 19 are detailed below (shown as weighted averages):

Movements for the year

	2020	2019	2018
Opening balance	68,769	68,542	72,903
Benefits paid	(2,340)	(2,164)	(1,926)
Net expense recognised in profit or loss	4,690	2,391	(2,435)
	71,119	**68,769**	**68,542**

Net expense recognised in profit or loss

	2020	2019	2018
Current service cost	1,464	1,522	1,726
Interest cost	7,027	6,343	6,813
Actuarial loss	(3,801)	(5,474)	(10,974)
	4,690	**2,391**	**(2,435)**

Key assumptions used

Assumptions used on last valuation on .

	2020	2019	2018
Discount rates used	10.80 %	10.40 %	9.50 %
Expected rate of return on assets	6.70 %	6.80 %	6.50 %
Expected rate of return on reimbursement rights	8.70 %	8.30 %	8.00 %

For post-retirement medical plans, full actuarial valuations are carried out every two years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no 'deep market' for such bonds, based on government bonds.

Figures in Rand thousand	2020	2019	2018

8. Retirement benefits (continued)

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in equity. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on the plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

9. Deferred tax

Deferred tax liability

Property plant and equipment	(1,224,891)	(1,211,141)	(983,947)
Actuarial gain on post-retirement medical arrangements	(10,331)	(9,267)	(7,734)
Other timing differences	(12,451)	(12,451)	(12,557)
Total deferred tax liability	**(1,247,673)**	**(1,232,859)**	**(1,004,238)**

Deferred tax asset

Provisions	84,217	98,315	74,555
Share based payments	37,095	22,958	11,434
Deferred tax balance from temporary differences other than unused tax losses	121,312	121,273	85,989
Tax losses available for set off against future taxable income	214,023	25,909	1,895
	335,335	147,182	87,884
Total deferred tax asset	**335,335**	**147,182**	**87,884**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(1,247,673)	(1,232,859)	(1,004,238)
Deferred tax asset	335,335	147,182	87,884
Total net deferred tax liability	**(912,338)**	**(1,085,677)**	**(916,354)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(1,085,677)	(936,845)	(527,249)
Charged to profit or loss	174,403	(147,299)	(385,732)
Debited to equity	(1,064)	(1,533)	(3,073)
	(912,338)	**(1,085,677)**	**(916,054)**

9. Deferred tax (continued)

Deferred tax - accounting policy

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither the tax profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax - Significant judgements, estimates and assumptions

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Judgement is also required in respect of the application of existing tax laws.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws could limit the ability of the company to obtain tax deductions in future periods.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019	2018

10. Environmental rehabilitation trust

The Black Mountain Mining Rehabilitation Trust was established to meet the company's decommissioning, restoration and environmental rehabilitation liabilities. Contributions are made as and when the need arises after obtaining approval/agreement of contributions required from the Department of Mineral Resources.

	2020	2019	2018
Opening balance	142,473	130,733	120,860
Contributions made during the year	-	-	567
Interest earned during the year	11,830	11,740	9,306
	154,303	**142,473**	**130,733**

The balance comprises cash held in fixed deposits with interest rates of between 9.04% and 9.67%.

These funds are not available for the general purpose of the company. All income from these assets is reinvested to meet specific environment obligations. These obligations are included in environmental rehabilitation costs under long-term provisions. The balance is a financial asset carried at amortised cost.

Rand Merchant Bank a division of FirstRand Bank Limited has issued a guarantee for R26 301 698 million in favour of the Department of Mineral Resources ("DMR") as assurance that the company will honour its environmental rehabilitation obligations at the end of life of mine, a guarantee for R32 592 600 in favour of Eskom Holdings Limited and a guarantee for R1 200 000 in favour of Transnet.

11. Inventories

	2020	2019	2018
Ore stockpiles	374,586	108,557	12,573
Metal in concentrate	20,648	58,229	22,898
Consumables	224,655	97,384	64,650
	619,889	264,170	100,121
Inventories (write-downs)	(13,010)	(11,472)	-
	606,879	**252,698**	**100,121**

	2020	2019	2018
Movement in provision for slow moving stocks			
Opening balance	10,055	12,071	8,208
Increase/(Decrease)	2,955	(2,016)	3,863
	13,010	**10,055**	**12,071**

A percentage of the value of consumables that have not moved for two years is used to calculate the provision for slow moving stock. The percentage used is 75% (31 March 2018: 75%).

Inventories - accounting policy

Inventory which comprises ore stockpiles, metal in concentrate and consumables and work-in-progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- raw materials and consumables are valued at cost on a weighted average basis;
- finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses; and
- metal concentrate stocks are included in finished products and are valued at average cost.

Inventory - significant estimates and assumptions

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019	2018

12. Trade and other receivables

	2020	2019	2018
Financial instruments:			
Trade receivables (not subject to provisional pricing) - amortised cost	30,902	313,244	92,845
Trade receivables (subject to provisional pricing) - fair value	25,801	-	-
Amounts owed by fellow subsidiaries	7,836	30,299	7,451
Other debtors	35,975	8,338	-
Provision for expected credit losses	(9,122)	(220)	(722)
Trade receivables at amortised cost	91,392	351,661	99,574
Non-financial instruments:			
VAT receivable	104,357	56,833	151,860
Prepayments	106,424	55,451	46,030
Total trade and other receivables	**302,173**	**463,945**	**297,464**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2020	2019	2018
At amortised cost	46,058	351,438	96,105
At fair value through profit or loss	45,334	-	-
Non-financial instruments	210,781	112,506	201,359
	302,173	**463,944**	**297,464**

Trade receivables are non-interest-bearing and are generally on terms of 30 to 90 days. Payment is due from customers on receipt of the provisional invoice and the bill of lading and is generally paid within 5 days of the customer receiving the documentation, which reduces the initial receivable recognised under IFRS 15.

The fair value of trade and other receivables is not materially different to the carrying values presented.

VAT

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT include

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Exposure to credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The company trades only with recognised creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which are based on an extensive credit rating scorecard, short-term liquidity and financial position. Individual credit limits are defined in accordance with this assessment. In addition, outstanding receivable balances are regularly monitored on an ongoing basis, with the result that the company's exposure to credit-impaired balances and bad debts is not significant.

At 31 March 2020, the trade receivables balance made up only three customers (2019: eight customers). There were no customers (2019: none) with a balance greater than US$10 million.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019	2018

12. Trade and other receivables (continued)

An impairment analysis is performed at each reporting date to measure expected credit losses. There were no expected credit losses arising from trade receivables at 31 March 2020 (2019: nil). The only expected credit loss relates to other receivables with respect to rental income received on a building on site leased to a number of store owners.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and short term deposits the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The company limits its counterparty credit risk on these assets by dealing only with financial institutions of high credit standing.

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's management on an regular basis, and may be updated throughout the year subject to appropriate approval. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2020 and 2019 is the carrying amounts as per the statement of financial position.

A provision for expected credit losses has been raised in respect of other debtors. There are no trade receivable accounts which are past due as per the individual sales contracts at the reporting date. The outstanding trade receivable balances at 31 March 2019 was mainly due from 3 customers.

Movement in provision for expected credit losses			
Opening balance		220	722
Increase/(decrease)		8,902	(502)
		9,122	**220**

Exposure to currency risk

Refer to note 33 for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts. Trade receivables subject to provisional pricing are already carried at fair value.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019	2018
Cash on hand	9	3	6
Bank balances	392,915	273,600	68,268
Short-term deposits	209,217	485,099	268,400
	602,141	**758,702**	**336,674**

Exposure to currency risk

Refer to note 33 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

Figures in Rand thousand	2020	2019	2018

13. Cash and cash equivalents (continued)

Cash and cash equivalents - accounting policy

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, expending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

The company deposits cash surpluses only with major banks of high-quality credit standing.

14. Share capital

	2020	2019	2018
Authorised			
9800 Ordinary shares of no par value	9,800	9,800	9,800
100 Ordinary Type A shares of no par value	100	100	100
100 Ordinary Type B shares of no par value	100	100	100
	10,000	**10,000**	**10,000**

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2020	2019	2018
No. of issued shares			
Ordinary shares of no par value	1,000	1,000	1,000
Ordinary type A shares	32	32	32
Ordinary type B Shares	32	32	32
	1,064	**1,064**	**1,064**
Issued			
Ordinary no par value	1	1	1

15. Loans from group companies

	2020	2019	2018
Holding company			
THL Zinc BV	1,521,014	1,230,700	-

THL Zinc Holding B.V. advanced a loan facility of USD 200 million to the company at an effective interest rate of 3 months Libor +2.75%. The loan is subordinated in favour of the loan to ICICI Bank. The loan is repayable on the earlier of the following dates:

- the first date on which (i) all of the debt payable by the company under the Facility Agreement has been repaid; and (ii) THL Zinc BV under the Facility Agreement are under no obligations to make any further credit or facility available to the company;
- the subordination agreement has been substituted and/or replaced by the company with other subordinated debt; or
- the last day of the term.

	2020	2019	2018
Fellow subsidiaries			
Namzinc Proprietary Limited	906,489	668,129	787,158

Namzinc (Pty) Ltd advanced a loan of R1.3 billion to Black Mountain Mining (Pty) Ltd at an effective interest rate of 9.5%. The funding has a flexible draw down period. In the prior year the term of the draw down period was changed from 24 months to 48 months to match the term of the ICICI loan.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019	2018

15. Loans from group companies (continued)

Split between non-current and current portions

	2020	2019	2018
Non-current liabilities	2,427,326	1,898,829	-
Current liabilities	177	-	787,158
	2,427,503	**1,898,829**	**787,158**

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

16. Interest-bearing loans and borrowings

Held at amortised cost

	2020	2019	2018
ICICI Loan	487,462	876,293	-
RMB Loan	487,462	-	-

Split between non-current and current portions

	2020	2019	2018
Non-current liabilities	536,766	788,664	-
Current liabilities	438,158	87,629	-
	974,924	**876,293**	**-**

ICICI Bank have advanced a term loan facility of USD 150 million to the company at an effective interest rate of 3 months Libor+1.55%. The loan is payable in equal quarterly installments from March 2020 to June 2022. On the 5th December 2018 the company drew down USD 20 million with a further USD 40m draw down on the 24th January 2019.

During November 2019 RMB took up USD 50m of the USD 150 million facility, with ICICI Bank still managing the full facility. On the 5th December 2019, the company repaid ICICI USD 30m with a draw down of USD 30 million from RMB. The terms of the loan agreement follow the same terms of that of the loan with ICICI Bank.

Exposure to liquidity risk

Refer to note 33 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Figures in Rand thousand

16. Interest-bearing loans and borrowings (continued)

Exposure to currency risk

Refer to note 33 Financial instruments and financial risk management for details of currency risk management for borrowings.

Exposure to interest rate risk

Refer to note 33 for details of interest rate risk management for investments in borrowings.

17. Finance lease liabilities

The company has lease contracts for some drilling assets, one mining vehicle and its head office building in Sandton used in its operations. Leases generally have lease terms between two and seven years. The Company is restricted from assigning and subleasing the leased assets. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are no lease contract that includes variable lease payments, which is further discussed below. The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets (included under property plant and equipment) recognised and the movements during the period:

	Drilling Assets	Mining Vehicle	Buildings	Total
Additions	6,133	13,613	3,937	23,683
Depreciation expense	(3,423)	(2,269)	(2,250)	(7,942)
As at 31 March 2020	**2,710**	**11,344**	**1,687**	**15,741**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Drilling Assets	Mining Vehicle	Buildings
Additions	6,133	13,613	3,937
Accretion of interest	442	736	308
Payments	(3,737)	(2,693)	(2,414)
As at 31 March 2020	**2,838**	**11,656**	**1,831**

Non-current liabilities	7,388	-	-
Current liabilities	8,937	-	-
	16,325	**-**	**-**

The following are the amounts recognised in profit or loss:

Depreciation expense for right-of-use assets	4,519	-	-
Interest expense on lease liabilities	1,044	-	-
Expense relating to short-term leases (included in general and administrative expenses)	14,128	9,802	-
Expense relating to leases of low-value assets (included in general and administrative expenses)	1,799	1,662	-
	21,490	**11,464**	**-**

The Company had total cash outflows for leases of R 16 million (2019: 11.5m). There were no non-cash additions to right-of-use assets and lease liabilities during the year.

Notes to the Financial Statements

17. Finance lease liabilities (continued)

Leases - accounting policy

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. .

(a) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

17. Finance lease liabilities (continued)

Significant judgements, estimates and assumptions - Leases

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Company would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease (for example, when leases are not in a subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgements estimates (such as the lease term and a subsidiary's stand-alone credit rating).

18. Provisions

Reconciliation of provisions - 2020

	Opening balance	Re-estimation	Unwinding of discount factor	Total
Environmental restoration	109,869	(33,858)	8,819	84,830
Decommissioning	231,571	(62,037)	17,950	187,484
	341,440	**(95,895)**	**26,769**	**272,314**

Reconciliation of provisions - 2019

	Opening balance	Re-estimation	Unwinding of discount factor	Total
Environmental restoration	115,177	(10,697)	5,389	109,869
Decommissioning	299,270	(93,905)	26,206	231,571
	414,447	**(104,602)**	**31,595**	**341,440**

Provisions - accounting policy

Provisions are recognised when the company has a present obligation (legal or constructive) 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 amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss and other comprehensive income.

Environmental restoration

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Figures in Rand thousand

18. Provisions (continued)

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present value and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

The provisions for restoration, rehabilitation and environmental liabilities represent the management's best estimate of the costs which will be incurred in the future to meet the company's obligations under existing South African law and the terms of the company's mining and other licences and contractual arrangements. These amounts are calculated by considering discount rates within the range of 2% to 12%, and become payable on closure of mines and are expected to be incurred within the next 13 years. The discount rates at major units are in the range of 2% to 12%.

The company recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

The Black Mountain rehabilitation trust was established to meet the costs of some of decommissioning, restoration and environmental rehabilitation liabilities. Annual contributions are made to the trust, where required, to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site preparation work. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The estimates are compiled separately for the Deeps & Swartberg operations and for the Gamsberg operations. The current estimate was discounted at a real discount rate of 5.97% (2019: 2.55%) for Deeps & Swartberg operations and 7.44% (2019: 4.04%) for Gamsberg. These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be 31 March 2024 for the Deeps & Swartberg operations and 31 March 2033 for the Gamsberg operations.

19. Share based payments

	2020	2019	2018
BMM cash settled scheme	122,131	71,759	35,879
Vedanta cash settled scheme	10,352	10,235	4,957
	132,483	**81,994**	**40,836**

BMM cash settled scheme

On 1 April 2017 the company issued shares to the Voorspoed Trust with an effective holding of 6% of the company's issued share capital. The Voorspoed Trust was established to facilitate employee share ownership with the emphasis on employees who hold junior employment positions. Therefore, the beneficiaries of the Voorspoed Trust and the shares issued are employees in key positions whose Paterson level is C band and below.

The Scheme is accounted for as a cash settled scheme in accordance with International Financial Reporting Standard (IFRS) 2, which requires the liability to be accrued for over the vesting period of the shares, 5 years and 7 years for 50% of each tranche.

The company measures the fair value of the services received based on the fair value of the liability. The fair value of the award is remeasured at each reporting date and on settlement of the liability using the Black Scholes Option Pricing Model. The ultimate cost of a cash-settled award is the cash that will be paid to the participants of the ESOP scheme, which is the fair value at settlement date. Until the award is settled, the company presents the cash-settled award as a liability with changes in the measurement of the liability being reflected in the statement of profit or loss and other comprehensive income.

The following tables list the inputs to the models used for the scheme for the ended 31 March 2020:

- Dividend yield: 0
- Expected volatility: 35%
- Risk–free interest rate: 6.92%
- Time to expiry: 4 years
- Option value: A shares R63.91, B shares R44.17
- Model used: Black Scholes

Figures in Rand thousand	2020	2019	2018

19. Share based payments (continued)

Vedanta Limited cash settled scheme

The share based expenses for the period for certain employee shares or rights over shares in a Group company are administered by SESA Sterlite Limited. Details of the share scheme are disclosed in the Vedanta Limited annual financial statements.

Share-based payments obligations - accounting policy

Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will ultimately vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black Scholes model, further details of which are given above.

20. Trade and other payables

	2020	2019	2018
Financial instruments:			
Trade payables	285,391	284,394	141,121
Amount owed to group companies	19,599	7,435	(1,620)
Accruals	375,432	398,219	352,761
Other creditors	96,626	129,012	98,576
Contract liabilities *	35,640	23,450	9,166
Non-financial instruments:			
PAYE	13,497	10,484	10,149
Amounts received in advance	396,626	-	-
Royalty	(93)	(385)	(241)
	1,222,718	**852,609**	**609,912**

* The movement in contract liabilities from one period to the next depends on the value of deferred revenue relating to freight/shipping services that are still in the process of being provided at period end. If the ship has sailed at the period end then the shipping costs have been incurred. As there is no margin charged on shipping services and revenue on shipping cost is recognised at a net basis in accordance with IFRS 15 the contract liability will be nil for that shipment as the costs will net off the revenue. If however the terms of the contract are CIP and the ship has not sailed the shipping cost have not been incurred and thus cannot be netted off the revenue already received for the shipping services.

Amounts owed to group companies are disclosed in note 31, related party transactions.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019

21. Revenue

Revenue from contracts with customers

Sale of goods	3,670,276	2,602,359
Rendering of services	490,760	184,166
	4,161,036	**2,786,525**

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Sale of goods		
Zinc	2,212,101	1,008,520
Copper	962,129	933,000
Lead	241,881	465,712
Silver	254,165	195,127
	3,670,276	**2,602,359**
Rendering of services		
Freight/Shipping service	490,760	184,166
Total revenue from contracts with customers	**4,161,036**	**2,786,525**

All revenue from Zinc, Copper, Lead and Silver is recognised at a point in time when control transfers and revenue from freight/shipping services is recognised over time as the services are provided.

Revenue - accounting policy

The company is principally engaged in the business of mining producing Zinc/Copper/Lead/Silver concentrate and in some instances, provides freight/shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/goods and service tax and other indirect taxes excluding excise duty. Revenues from sale of by-products are included in revenue.

Revenue from freight and insurance services is recognised over the period during which services are rendered.

Certain of the company’s sales contracts provide for provisional pricing based on the price on the London Metal Exchange (LME), as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with IFRS 9 ‘Financial Instruments’ rather than IFRS 15 and therefore the IFRS 15 rules on variable consideration do not apply. These ‘provisional pricing’ adjustments i.e. the consideration received post transfer of control are included in Revenue on the face of the statement of profit and loss and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The company’s provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Figures in Rand thousand	2020	2019

21. Revenue (continued)

Contract balances

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs part of its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on the company's future performance.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the company performs under the contract.

	2020	2019
Amount of revenue recognised during the year included in contract liabilities at the beginning of the year:		
Freight/Shipping services	13,576	6,385

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Significant judgements, estimates and assumptions - Revenue from contracts with customers

Identification of the enforceable contract

For all metal in concentrate sales, while there are master services agreements with key customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate. The customer is only obliged to purchase metal in concentrate when it places a purchase order for each shipment. Also, there are no terms which link separate purchase orders. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there are no penalties that impact overall sales during a period. Therefore, for these arrangements, the enforceable contract has been determined to be each purchase order.

Identification of performance obligations for arrangements subject to CIF/CIP Incoterms

The majority of the company's metal in concentrate sales subject to CIF/CIP Incoterms, whereby the company is responsible for providing freight/shipping services. The freight/shipping services are a promise to transfer services in the future and are part of the negotiated exchange between the company and the customer. The company determined that both the metal in concentrate and the freight/shipping services are capable of being distinct as the customer can benefit from both products on their own. The company also determined that the promises to transfer the metal in concentrate and the freight/shipping services are distinct within the context of the contract. The metal in concentrate and the freight/shipping services are not inputs to a combined item in the contract. The company is not providing a significant integration service, because the presence of the metal in concentrate and the freight/shipping services together in this contract do not result in any additional or combined functionality and neither the metal in concentrate nor the freight/shipping services modify or customise the other. In addition, the metal in concentrate and the freight/shipping services are not highly interdependent or highly interrelated, because the company would be able to transfer the metal in concentrate even if the customer did not want the freight/shipping services. Consequently, the company allocated a portion of the transaction price to the metal in concentrate and the freight/shipping services based on relative stand-alone selling prices.

Notes to the Financial Statements

Figures in Rand thousand	2020	2019

21. Revenue (continued)

Principal versus agent considerations – freight/shipping services

As noted above, in some arrangements subject to CIF/CIP Incoterms, the company is responsible for providing freight/shipping services. While the company does not actually provide nor operate the vessels, trucks or trains, the company has determined that it is principal in these arrangements because it has concluded it controls the specified services before they are provided to the customer. This is on the basis that the company obtains control of a right to freight/shipping services after entering into the contract with the customer, but before those services are provided to the customer. The terms of the company's contract with the service provider give the company the ability to direct the service provider to provide the specified services on the company's behalf.

In addition, the company has concluded that the following indicators provide evidence that it controls the freight/shipping services before they are provided to the customer:

- The company is primarily responsible for fulfilling the promise to provide freight/shipping services. Although the company has hired a service provider to perform the services promised to the customer, it is the company itself that is responsible for ensuring that the services are performed and are acceptable to the customer (i.e., the company is responsible for fulfillment of the promise in the contract, regardless of whether the company performs the services itself or engages a third-party service provider to perform the services).
- The company has discretion in setting the price for the services to the customer as this is negotiated directly with the customer.

Application of the variable consideration constraint

For the company's long-term contracts that are subject to market-based prices, i.e., there is variable consideration, the company has assessed that at contract inception, this variable consideration will generally be significantly constrained. This is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the company's influence and include:

- Actions of third parties: the exact date that each shipment occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the QP commences).
- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities.

The company's estimates of variable consideration and any disclosures provided in relation to the allocation of that variable consideration to unsatisfied performance obligations, are immaterial. In addition, the company applies the variable consideration allocation exception when allocating the future consideration to future performance obligations.

Determining the timing of satisfaction of freight/shipping services

The company concluded that revenue for freight/shipping services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the company. The fact that another entity would not need to re-perform the freight/shipping services that the company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the company's performance as it performs. The company determined that the input method is the best method for measuring progress of the freight/shipping services because there is a direct relationship between the company's effort (i.e., time elapsed) and the transfer of service to the customer. The company recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

22. Other operating income

	2020	2019
Rental income	3,765	4,153
Other income	10,699	10,839
	14,464	**14,992**

Notes to the Financial Statements

Figures in Rand thousand		2020	2019

23. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	4	(7,673)	34
Foreign exchange gains (losses)			
Net foreign exchange loss		(499,224)	(196,831)
Total other operating gains (losses)		**(506,897)**	**(196,797)**

24. Operating profit (loss)

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

Audit fees - external	2,856	3,374
Audit fees - internal	**2,938**	**1,632**

Expenses by nature

Changes in inventories of finished goods and work in progress	(817,902)	(305,489)
Employee costs	621,309	539,189
Operating lease charges	3,487	5,757
Depreciation, amortisation and impairment	697,301	307,430
Royalty	11,452	9,513
Share based payment expense	58,408	40,278

25. Finance income

Bank and other cash	11,991	6,632
Growth in environmental rehabilitation trust	11,830	11,740
Foreign exchange gains on balances held in foreign currencies	12,766	100,364
Total interest income	**36,587**	**118,736**

26. Finance costs

Interest on bank loans	48,886	4,022
Unwinding of discount on provisions and other liabilities	26,768	31,595
Interest on post-employment benefit arrangements	7,027	6,343
Interest paid to related parties	125,942	10,516
Total finance costs	**208,623**	**52,476**

27. Taxation

Major components of the tax expense (income)

Current		
Local income tax - recognised in current tax for prior periods	550	(1,533)
Deferred		
Originating and reversing temporary differences	(174,404)	149,637
	(173,854)	**148,104**

Figures in Rand thousand	2020	2019

27. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2020	2019
Applicable tax rate	28.00 %	28.00 %
Disallowable charges	(0.45)%	0.86 %
Other	(0.07)%	(0.32)%
	27.48 %	**28.54 %**

Income tax expense - accounting policy

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

28. Cash generated from operations

	2020	2019
Profit (loss) before taxation	(622,872)	519,629
Adjustments for:		
Depreciation and amortisation	697,301	307,430
Losses (gains) on disposals, scrappings and settlements of assets and liabilities	7,673	(34)
Losses/(gains) on foreign exchange	12,765	100,364
Interest income	(36,587)	(118,736)
Finance costs	208,623	52,476
Movements in retirement benefit assets and liabilities	2,350	227
Increase in share based payment liability	50,489	41,158
Actuarial gain/(loss)	3,801	5,474
Interest on post-employment benefit arrangements	(7,027)	(6,343)
Rental Income	(3,765)	(4,153)
Movement in the rehabilitation trust	(11,829)	(11,740)
Changes in working capital:		
Inventories	(354,181)	(152,577)
Trade and other receivables	161,773	(166,482)
Trade and other payables	370,109	242,697
	478,623	**809,390**

29. Tax paid

	2020	2019
Balance at beginning of the year	11,698	10,165
Current tax for the year recognised in profit or loss	(550)	1,533
Balance at end of the year	(11,148)	(11,698)
	-	**-**

Notes to the Financial Statements

Figures in Rand thousand	2020	2019

30. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	8,140	361,977
Not yet contracted for and authorised by directors	-	47,357

These commitments will be funded from both internal cash resources and project finance.

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	3,110	3,548
- in second to fifth year inclusive	288	2,146
	3,398	**5,694**

31. Related parties

Relationships	
Ultimate holding company	Vedanta Resources Limited Vedanta Limited
Holding company	All of the shares in the company are held by THL Zinc Limited (69.6%), Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (24.4%) and The Voorspoed Trust (6%).
Fellow subsidiaries	Namzinc (Proprietary) Limited THL Zinc BV Hindustan Zinc Limited Balco CMTPL

Related party balances

Loan accounts - Owing (to) by related parties		
Namzinc (Proprietary) Limited	906,489	668,129
THL Zinc BV	1,521,014	1,230,700

Figures in Rand thousand	2020	2019
31. Related parties (continued)		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Vedanta Resources Limited	(19,472)	(4,999)
Vedanta Limited	(2,045)	(1,902)
Hindustan Zinc Limited	(105)	(461)
Balco	-	(73)
Namzinc (Proprietary) Limited	8,586	3,384
CMTPL	54	51
KCM Mine Proprietary Limited	-	26,735
Vedanta Limited	805	128

Outstanding balances (Other than the interest bearing loans) at the year-end are unsecured and interest-free and settlement occurs in cash and are presented as part of trade receivables and trade payables as appropriate. There have been no guarantees provided or received for any related party receivables or payables. An assessment of the expected credit losses relating to related party receivables is undertaken upon initial recognition and each financial year by examining the financial position of the related party and the market in which the related party operates applying the general approach of the ECL impairment model of IFRS 9.

Related party transactions

	2020	2019
Administration fees paid to (received from) related parties		
Skorpion Zinc (Proprietary) Limited	(50,828)	(35,735)
Share based expenses		
Vedanta Limited	835	2,878

Notes to the Financial Statements

32. Directors' and prescribed officer's emoluments

Executive

2020

	Salary	Allowences	Pension paid or receivable	Bonus	Total
[redacted]	6,926	289	1,008	2,662	10,885
[redacted]	101	14	15	766	896
[redacted]	1,747	175	280	86	2,288
	8,774	**478**	**1,303**	**3,514**	**14,069**

2019

	Salary	Allowances	Pension paid or receivable	Bonus	Share scheme	Total
[redacted]	6,473	787	942	1,791	820	10,813
[redacted]	2,613	493	380	942	2,317	6,745
	9,086	**1,280**	**1,322**	**2,733**	**3,137**	**17,558**

The company does not compensate directors for their participation in board activities

Prescribed officers and senior management

2020

	Salary	Allowances	Pension paid or receivable	Bonus	Share scheme	Total
[redacted]	2,831	113	-	537	-	3,481
Senior Manager	14,869	3,978	4,476	14,869	1,053	39,245
	17,700	**4,091**	**4,476**	**15,406**	**1,053**	**42,726**

2019

	Emoluments	Other benefits*	Pension paid or receivable	Compensation for loss of office	Gains on exercise of options	Total
[redacted]	2,334	228	-	677	913	4,152
Senior Management	47,047	7,824	4,786	16,190	10,284	86,131
	49,381	**8,052**	**4,786**	**16,867**	**11,197**	**90,283**

Notes to the Financial Statements

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Trade and other receivables	12	45,334	46,058	91,392	91,392
Cash and cash equivalents	13	-	602,141	602,141	602,141
		45,335	**648,199**	**693,534**	**693,534**

2019

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Trade and other receivables	12	-	351,661	351,661	351,661
Cash and cash equivalents	13	-	758,702	758,702	758,702
		1	**1,110,363**	**1,110,364**	**1,110,364**

Categories of financial liabilities

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	812,688	812,688	812,688
Loans from group companies	15	2,427,503	2,427,503	2,427,503
Interest-bearing loans and borrowings	16	974,924	974,924	974,924
		4,215,115	**4,215,115**	**4,215,115**

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	842,510	842,510	842,510
Loans from group companies	15	1,898,829	1,898,829	1,898,829
Borrowings	16	876,293	876,293	876,293
		3,617,632	**3,617,632**	**3,617,632**

Capital risk management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to ensure the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

Notes to the Financial Statements

Figures in Rand thousand		2020	2019	2018

33. Financial instruments and risk management (continued)

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the bank to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants. No changes were made in the objectives, policies or processes during the current year

The company monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt. The company includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

The capital structure and gearing ratio of the company at the reporting date was as follows:

Loans from group companies	15	2,427,503	1,898,829	787,158
Borrowings	16	974,924	876,293	-
Finance lease liabilities	17	16,325	-	-
Trade and other payables	20	1,222,718	829,128	600,746
Total borrowings		**4,641,470**	**3,604,250**	**1,387,904**
Cash and cash equivalents	13	(602,141)	(758,702)	(336,674)
Net borrowings		**4,039,329**	**2,845,548**	**1,051,230**
Equity		2,913,382	3,369,905	2,942,745
Gearing ratio		139 %	87 %	36 %

Financial risk management

Overview

The company 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 commodity price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Please refer to 12 for more information on the credit risk the company is exposed to.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company monitors its risk of a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The company ensures that there are sufficient committed loan facilities in order to meet short-term business requirements, after taking into account cash flows from operations and the company's holding of cash and cash equivalents, as well as any distribution restrictions that exist.

33. Financial instruments and risk management (continued)

The maturity profile of contractual cash flows of financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2020

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Loans from group companies	15	-	-	2,427,326	2,427,326	2,427,326
Interest-bearing loans and borrowings	16	-	429,413	107,353	536,766	536,766
Finance lease liabilities	17	-	4,784	2,605	7,389	7,388
		-	**434,197**	**2,537,284**	**2,971,481**	**2,971,480**
Current liabilities						
Trade and other payables	17	826,185	-	-	826,185	826,185
Loans from group companies	15	177	-	-	177	177
Interest-bearing loans and borrowings	16	438,158	-	-	438,158	438,158
Finance lease liabilities	17	8,937	-	-	8,937	8,937
		1,273,457	**-**	**-**	**1,273,457**	**1,273,457**

2019

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Loans from group companies	15	-	-	1,898,829	1,898,829	1,898,829
Interest-bearing loans and borrowings	16	-	701,032	87,632	788,664	788,664
Current liabilities						
Trade and other payables	20	852,994	-	-	852,994	852,994
Interest-bearing loans and borrowings	16	87,629	-	-	87,629	87,629
		940,623	**-**	**-**	**940,623**	**940,623**

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters. The foreign currency in which the company deals primarily are US Dollars.

The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenues or expenses are denominated in currencies other than ZAR) and foreign denominated interest bearing borrowings. All sales are invoiced in USD. Revenues collected in USD are paid into a USD denominated bank account and is only converted to ZAR as and when funds are needed. Approximately 30% of the company's costs are denominated in currencies other than ZAR. 70% (2019: 70%) of interest bearing borrowings are denominated in USD.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Notes to the Financial Statements

Figures in Rand thousand		2020	2019	2018

33. Financial instruments and risk management (continued)

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:				
Current assets:				
Trade and other receivables	12	135,985	343,542	86,162
Cash and cash equivalents	13	392,609	578,951	274,762
Non-current liabilities:				
Interest-bearing loans and borrowings	16	(536,766)	(876,294)	-
Group loans	15	(1,520,837)	(1,230,700)	-
Current liabilities:				
Trade and other payables	20	(418,221)	(4,189)	(2,037)
Interest-bearing loans and borrowings	16	(438,158)	(88)	-
Loans from group companies	15	(177)	-	-
Net US Dollar exposure		**(2,385,565)**	**(1,188,778)**	**358,887**
Indian Rupees exposure:				
Current liabilities:				
Trade and other payables	20	(2,150)	(2,435)	(1,981)
Net exposure to foreign currency in Rand		**(2,387,715)**	**(1,191,213)**	**356,906**

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:				
Current assets:				
Trade and other receivables	12	7,600	23,727	7,286
Cash and cash equivalents	13	21,943	39,986	23,235
Non-current liabilities:				
Interest-bearing loans and borrowings	16	(30,000)	(60,522)	-
Loans from group companies	15	(85,000)	(85,000)	-
Current liabilities:				
Trade and other payables	20	(23,375)	(289)	(172)
Interest-bearing loans and borrowings	16	(24,489)	-	-
Loans from group companies	15	(10)	(6)	-
Net US Dollar exposure		**(133,331)**	**(82,104)**	**30,349**
Indian Rupees exposure:				
Current liabilities:				
Trade and other payables	20	(8,990)	(11,624)	(10,896)

Figures in Rand thousand

33. Financial instruments and risk management (continued)

Exchange rates

The following closing exchange rates were applied at reporting date:

Rand per unit of foreign currency:			
US Dollar	17.892	14.479	11.826
INR	0.239	0.209	0.182

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019	2018	2018
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
US Dollar 10% (2019: 10 %)	(196,031)	196,031	(116,496)	116,496	975	(975)
INR 10% (2019: 10 %)	(215)	215	(244)	244	87	(87)
	(196,246)	**196,246**	**(116,740)**	**116,740**	**1,062**	**(1,062)**

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans affected, based on the last two years' historical rates and economic forecasters' expectations of the company's profit before tax through the impact on floating rate borrowings and cash and cash equivalents (with all other variables held constant).

	2020	2020	2019	2019	2018	2018
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
10% (2019:10 %)	20,818	(20,818)	4,196	(4,196)	3,753	(3,753)

Price risk

The company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it produces which is mainly zinc, copper, lead and silver (metal in concentrate) which it sells into global markets. The market prices of the metals are the key drivers of the company's capacity to generate cash flow. The company is predominantly an unhedged producer to provide its shareholders with exposure to changes in the market price of metals. The company's policy is to manage these risks through the use of contract-based prices with customers. Most customer contracts are based on the average LME (London Metal Exchange) price in the month of shipment plus a premium.

33. Financial instruments and risk management (continued)

Sales are invoiced at the agreed LME price between the company and the customer. No changes to the agreed LME price are made between the provisional and final invoice. Changes to the invoice relate only to the quantity and quality of the metal in concentrate after testing once the product is received by the customer. If the results of the tests are significantly different to the test carried out by the company a third test is then carried out by an independent laboratory before the invoice is finalised.

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019	2018	2018
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
LME Price 10% (2019: 10 %)	3,991	(3,991)	-	-	-	-
Treatment Costs 10% (2019: 10 %)	(1,245)	1,245	-	-	-	-
	2,746	**(2,746)**	**-**	**-**	**-**	**-**

34. Fair value information

Fair value hierarchy

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the company have assessed that the fair values of cash and cash equivalents, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Fair values of the company's interest-bearing borrowings and loans are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company 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.

All financial instruments measured at fair value use Level 2 valuation techniques in both years.

There have been no transfers between fair value levels during the reporting period.

Notes to the Financial Statements

34. Fair value information (continued)

Fair value measurement - accounting policy

The company measures financial instruments, such as provisionally priced trade receivables, at fair value at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or CGU at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share based payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement - Significant estimates and assumptions

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

When the fair values of non-financial assets/CGUs need to be determined, e.g., for the purposes of calculating FVLCD for impairment testing purposes, they are measured using valuation techniques including the DCF model.

The company’s principal financial liabilities, comprise accounts payable, bank loans and overdrafts and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the company’s capital expenditure programme. The company’s principal financial assets and provisionally priced trade receivables, comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

Risk exposures and responses

The company manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the company’s financial targets while protecting future financial security. The main risks that could adversely affect the company’s financial assets, liabilities or future cash flows are market risks comprising: commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

Notes to the Financial Statements

35. Events after the reporting period

The directors are not aware of any fact or circumstances which occurred between the date of the financial statements and the date of this report which might influence an assessment of the group's company's state of affairs except for the following:

The South African Revenue Services (SARS) concluded the audit for the Royalty Tax for the 2010, 2012 and 2013 tax years with significant refunds paid to the company. However, the refund excluded the amount for the deduction of selling and distribution costs, an estimated R66 million. The company filed a notice of objection to the Assessment by SARS during December 2016. On the 20th April 2020 the company received notice SARS had conceded the matter on the basis of the recent decision by the Supreme Court of Appeal in the case of the Commissioner for the South African Revenue Service and United Manganese of Kalahari (Pty) Ltd delivered on 25 March 2020.