Black Mountain Mining Proprietary Limited
(Registration number 2005/040096/07)
Annual Financial Statements
for the year ended 31 March 2022

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

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 - deceased 28/09/2021 P Singla P Van Greunen M Snyman NM Vegter (Alternate) - resigned 20/12/2021 H Uys M Magwai
Registered office	Penge Road Aggeneys Northern Cape 8893
Postal address	Penge Road Aggeneys Northern Cape 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
Auditors	Ernst & Young Inc. Chartered Accountants (SA) Registered Auditors
Company registration number	2005/040096/07
Tax reference number	9531/662/15/4
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements prepared under the supervision of Pushpender Singla CA(SA) Chief Financial Officer
Issued	01 June 2022
Secretary	Loganathan Govender

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Published

01 June 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group 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 auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 9.

The annual financial statements set out on pages 10 to 62, which have been prepared on the going concern basis, were approved by the board on 01 June 2022 and were signed on their behalf by:

Approval of financial statements

Signed by:Pushpender Pushpender
Signed at:2022-06-01 13:26:56 +02:00
Reason:I approve this document

P Singla

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Black Mountain Mining Proprietary Limited and the group for the year ended 31 March 2022.

1. Nature of business

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

Ore Reserve	Tonnage (Mt)	Grade (Zn%)	Grade (Pb%)	Metal (Zn kt)	Metal (Pb kt)
Proved					
Gamsberg mine	69.7	6.4	0.5	4,472	359
Deeps mine	0.5	2.2	2.5	12	13
	70.2			4,484	372
Probable					
Gamsberg mine	27.1	4.9	0.5	1,337	126
Swartberg mine	48.0	0.6	2.0	290	936
Deeps mine	2.4	2.5	1.2	61	30
	147.7			**6,172**	**1,464**

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

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. 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 group are set out in these consolidated annual financial statements.

3. Share capital

	2022	2021
Authorised	Number of shares	
Ordinary shares	9,800	9,800
Ordinary Type A shares	100	100
Ordinary Type B shares	100	100

	2022	2021	2022	2021
Issued	R	R	Number of shares	
Ordinary shares	1,000	1,000	1,000	1,000
Ordinary Type A shares	-	-	32	32
Ordinary Type B shares	-	-	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 (2021: nil)

Directors' Report

5. Share incentive scheme

On 1 April 2017 Black Mountain Mining (Proprietary) Limited sold shares to the Voorspoed Trust with an effective holding of 6% of the it'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 21st of April 2022, 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 21st of April 2021 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	
V Naidoo	Deputy Chairman, Non-executive Independent	South African	Deceased 28 September 2021
P Singla	Executive	Indian	
P Van Greunen	Executive	South African	
M Snyman	(Non-executive)	South African	
NM Vegter (Alternate)	(Non-executive)	South African	Resigned 20 December 2021
H Uys	Executive	South African	
M Magwai	(Non-executive)	South African	

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 Group'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.

For the year ended 31 March 2022, Black Mountain Mining Proprietary Limited (BMM) realised a profit of R1 543 million (2021: profit of R1 244 million). As at 31 March 2022, the Group's current assets exceeded its current liabilities by R937 million (2021: R474 million) and the Group's total assets exceeded its total liabilities by R5 681 million (2021: R4 164 million). During the year ended 31 March 2022, BMM generated cash from operations of R3 089 million (2021: R1 696 million).

Although the current commodity prices and exchange rates are favourable to the Group, high levels of volatility in commodity prices and exchange rates may impact the Group's profitability and financial condition.

Management believes that the cash generated by its operations, cash on hand and business plan for the next 12 months will enable the Group to continue to meet its obligations as they fall due. The consolidated financial statements for the year ended 31 March 2022, therefore, have been prepared on a going concern basis.

9. Auditors

Ernst & Young Inc. continued in office as auditors for the company and its subsidiaries for 2022.

At the AGM, the shareholders will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the company and its subsidiaries.

10. Secretary

The company secretary is Ms Loganathan Govender.

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Independent Auditor's Report

To the Shareholders of Black Mountain Mining Proprietary Limited

Report on the Audit of the Consolidated and Separate Annual Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of Black Mountain Mining Proprietary Limited and its subsidiaries ('the group') set out on pages 10 to 62, which comprise the consolidated and separate statements of financial position as at 31 March 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 62-page document titled: "Black Mountain Mining Proprietary Limited Annual Financial Statements for the year ended 31 March 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate annual 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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

DocuSigned by:
Ernst & Young Inc
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Ernst & Young Inc.
Director – Dawie Venter
Registered Auditor
Chartered Accountant (SA)

1 June 2022

Statement of Financial Position as at 31 March 2022

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2022**	**2021**	**2022**	**2021**
Assets					
Non-Current Assets					
Property, plant and equipment	4	8,402,173	7,263,645	8,402,173	7,263,645
Goodwill	6	33,182	33,182	33,182	33,182
Intangible assets	7	181,054	181,054	181,054	181,054
Other financial assets	8	1	1	1	1
Restricted cash	11	271,512	224,263	271,512	224,263
		8,887,922	**7,702,145**	**8,887,922**	**7,702,145**
Current Assets					
Inventories	12	686,725	507,908	686,725	507,908
Trade and other receivables	13	654,784	549,392	654,784	549,392
Current tax receivable		10,711	11,215	10,711	11,215
Cash and cash equivalents	14	1,111,445	768,278	1,111,445	768,164
		2,463,665	**1,836,793**	**2,463,665**	**1,836,679**
Total Assets		**11,351,587**	**9,538,938**	**11,351,587**	**9,538,824**
Equity and Liabilities					
Equity					
Share capital	15	1	1	1	1
Reserves		19,346	38,935	19,346	38,935
Retained income		5,662,108	4,124,764	5,662,044	4,124,700
		5,681,455	**4,163,700**	**5,681,391**	**4,163,636**
Liabilities					
Non-Current Liabilities					
Loans from group companies	16	1,642,516	1,898,126	1,642,516	1,898,126
Interest-bearing loans and borrowings	17	-	88,966	-	88,966
Lease liabilities	5	51,956	54,914	51,956	54,914
Retirement benefit obligation	9	77,048	68,861	77,048	68,861
Deferred tax	10	1,956,348	1,413,009	1,956,348	1,413,009
Provisions	18	291,103	314,961	291,103	314,961
Share based payments	19	126,150	173,876	126,150	173,876
		4,145,121	**4,012,713**	**4,145,121**	**4,012,713**
Current Liabilities					
Trade and other payables	20	1,165,656	970,073	1,165,720	970,023
Loans from group companies	16	109,284	84	109,284	84
Interest-bearing loans and borrowings	17	88,258	355,698	88,258	355,698
Lease liabilities	5	56,476	36,670	56,476	36,670
Share based payments	19	105,195	-	105,195	-
Bank overdraft	14	142	-	142	-
		1,525,011	**1,362,525**	**1,525,075**	**1,362,475**
Total Liabilities		**5,670,132**	**5,375,238**	**5,670,196**	**5,375,188**
Total Equity and Liabilities		**11,351,587**	**9,538,938**	**11,351,587**	**9,538,824**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2022**	**2021**	**2022**	**2021**
Revenue	21	8,855,104	5,934,211	8,855,104	5,934,211
Cost of sales		(5,098,536)	(3,302,730)	(5,095,093)	(3,299,358)
Gross profit		**3,756,568**	**2,631,481**	**3,760,011**	**2,634,853**
Other operating income	22	24,164	11,413	24,164	11,413
Other operating gains	23	6,019	383,560	6,019	383,560
Selling and distribution expenses		(1,054,019)	(549,316)	(1,054,019)	(549,316)
Other operating expenses		(487,422)	(628,403)	(487,422)	(628,465)
Operating profit	24	**2,245,310**	**1,848,735**	**2,248,753**	**1,852,045**
Finance income	25	14,381	88,976	14,381	88,976
Finance costs	26	(172,480)	(195,292)	(172,480)	(195,292)
Profit before taxation		**2,087,211**	**1,742,419**	**2,090,654**	**1,745,729**
Taxation	27	(550,997)	(498,482)	(550,997)	(498,482)
Profit for the year		**1,536,214**	**1,243,937**	**1,539,657**	**1,247,247**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements gain on net defined benefit liability		109	8,867	109	8,867
Income tax relating to items that will not be reclassified		(43)	(2,483)	(43)	(2,483)
Total items that will not be reclassified to profit or loss		**66**	**6,384**	**66**	**6,384**
Items that may be reclassified to profit or loss:					
Unrealised loss on cash flow hedge		(25,377)	-	(25,377)	-
Income tax relating to items that may be reclassified		6,852	-	6,852	-
Total items that may be reclassified to profit or loss		**(18,525)**	**-**	**(18,525)**	**-**
Other comprehensive income for the year net of taxation		**(18,459)**	**6,384**	**(18,459)**	**6,384**
Total comprehensive income for the year		**1,517,755**	**1,250,321**	**1,521,198**	**1,253,631**

Statement of Changes in Equity

Figures in Rand thousand	Share capital *	Cash flow hedging reserve	Merger Reserve	Retirement benefit obligation reserve**	Retained income	Total equity
Group						
Balance at 01 April 2020	**1**	**-**	**7,555**	**26,566**	**2,879,257**	**2,913,379**
Profit for the year	-	-	-	-	1,243,937	1,243,937
Other comprehensive income	-	-	-	6,384	-	6,384
Total comprehensive income for the year	**-**	**-**	**-**	**6,384**	**1,243,937**	**1,250,321**
Transfer between reserves	-	-	(1,570)	-	1,570	-
Balance at 01 April 2021	**1**	**-**	**5,985**	**32,950**	**4,124,764**	**4,163,700**
Profit for the year	-	-	-	-	1,536,214	1,536,214
Other comprehensive income	-	(18,525)	-	66	-	(18,459)
Total comprehensive income for the year	**-**	**(18,525)**	**-**	**66**	**1,536,214**	**1,517,755**
Transfer between reserves	-	-	(1,130)	-	1,130	-
Balance at 31 March 2022	**1**	**(18,525)**	**4,855**	**33,016**	**5,662,108**	**5,681,455**
Note(s)	15					
Company						
Balance at 01 April 2020	**1**	**-**	**7,555**	**26,566**	**2,879,256**	**2,913,378**
Profit for the year	-	-	-	-	1,247,247	1,247,247
Other comprehensive income	-	-	-	6,384	-	6,384
Total comprehensive income for the year	**-**	**-**	**-**	**6,384**	**1,247,247**	**1,253,631**
Transfer between reserves	-	-	(1,570)	-	1,570	-
Dividends	-	-	-	-	(3,373)	(3,373)
Balance at 01 April 2021	**1**	**-**	**5,985**	**32,950**	**4,124,700**	**4,163,636**
Profit for the year	-	-	-	-	1,539,657	1,539,657
Other comprehensive income	-	(18,525)	-	66	-	(18,459)
Total comprehensive income for the year	**-**	**(18,525)**	**-**	**66**	**1,539,657**	**1,521,198**
Transfer between reserves	-	-	(1,130)	-	1,130	-
Dividends	-	-	-	-	(3,443)	(3,443)
Balance at 31 March 2022	**1**	**(18,525)**	**4,855**	**33,016**	**5,662,044**	**5,681,391**
Note(s)	15					

* 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.

Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities					
Cash generated from operations	28	3,089,237	1,696,297	3,092,794	1,699,557
Finance income received		6,938	76,492	6,938	76,492
Finance costs paid		(32,425)	(29,051)	(32,425)	(29,051)
Net cash from operating activities		**3,063,750**	**1,743,738**	**3,067,307**	**1,746,998**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(2,044,619)	(684,559)	(2,044,619)	(684,559)
Sale of property, plant and equipment	4	-	180	-	180
Purchase of exploration asset	7	-	(8,852)	-	(8,852)
Purchase of restricted cash		(39,806)	(60,695)	(39,806)	(60,695)
Rental Income		3,855	3,400	3,855	3,400
Net cash from investing activities		**(2,080,570)**	**(750,526)**	**(2,080,570)**	**(750,526)**
Cash flows from financing activities					
Proceeds from loans from group companies		102,000	50,000	102,000	50,000
Repayment of loans from group companies		(294,501)	(407,428)	(294,501)	(407,428)
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(357,195)	(383,734)	(357,195)	(383,734)
Payment on lease liabilities		(51,183)	(15,918)	(51,183)	(15,918)
Dividends paid		-	-	(3,443)	(3,373)
Interest paid		(39,276)	(69,995)	(39,276)	(69,995)
Net cash from financing activities		**(640,155)**	**(827,076)**	**(643,598)**	**(830,449)**
Total cash movement for the year		**343,025**	**166,136**	**343,139**	**166,023**
Cash at the beginning of the year		768,278	602,142	768,164	602,141
Total cash at end of the year	14	**1,111,303**	**768,278**	**1,111,303**	**768,164**

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 consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual 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 annual financial statements and the Companies Act of South Africa of South Africa, as amended.

These annual 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 2022. The Group'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, The Gamsberg Biodiversity Trust and the Voorspoed Trust collectively referred to as ("the Trust"). Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCIs, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting Policies

1. Significant accounting policies (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual 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 group 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

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. Pursuant to the case management meeting held between the legal representatives of BMM and SARS which was facilitated by Acting Deputy Judge President Sutherland, it was directed that BMM’s appeal against the whole of the judgment and order of the Tax Court (the honourable Madam Justice Collis presiding) dated 27 January 2021,3 will proceed to the full bench of the High Court of South Africa (Gauteng Division, Pretoria) for adjudication on 21 May 2021. Because of the appeal to the full bench of the High Court, the main hearing which was set down for a 12-day period from 17 May 2021 to 1 June 2021 was postponed to 25 October 2021 to 9 November 2021, by agreement between the parties and the wasted costs of the set down of the tax court appeal hearing for 17 May to 1 June 2021 was reserved.

The company expects to succeed in challenging the reassessment and as such no provision has been made in the financial statements. An independent tax opion was obtained and it was confirmed that it is more likely than not that Black Mountain Mining (Pty) Limited would be successful in its dispute with SARS, as such no obligation has been calculated in terms of IFRIC 23.

Accounting Policies

1. Significant accounting policies (continued)

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 group'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 group 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 6
- Retirement benefits. Note 9
- Deferred Tax. Note 10
- Incremental borrowing rate. Note 5
- Restoration, rehabilitation and environmental costs provisions. Note 18
- Share based payments. Note 19
- Identification of the enforceable contract. Note 21
- Identification of performance obligations for arrangements subject to CIF/CIP Incoterms. Note 21
- Principal versus agent considerations – freight/shipping services. Note 21
- Application of the variable consideration constraint. Note 21
- Determining the timing of satisfaction of freight/shipping services. Note 21
- Net realisable value of inventory 12
- Capitalisation of exploration costs 7

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.

Accounting Policies

1. Significant accounting policies (continued)

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.

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.

1. Significant accounting policies (continued)

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:

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.

Accounting Policies

1. Significant accounting policies (continued)

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 Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. For the purpose of hedge accounting, hedges are classified as:Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. Hedges of a net investment in a foreign operation at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

Accounting Policies

1. Significant accounting policies (continued)

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

1.6 Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group 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.

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.

1.7 Revenue from contracts with customers

The group recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Accounting Policies

1. Significant accounting policies (continued)

1.8 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 annual 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.

1.9 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.

Notes to the Annual Financial Statements

	Group	Company

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are not material for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	The impact of the standard is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	The impact of the standard is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	The impact of the amendments is not material.
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 April 2021	The impact of the amendments is not material.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact.
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact.
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet effective	Unlikely there will be a material impact.
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact.
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact.
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact.

3. New Standards and Interpretations (continued)

• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact.

4. Property, plant and equipment

Group	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	684,302	(220,823)	463,479	666,341	(165,764)	500,577
Plant and machinery	5,479,060	(2,184,776)	3,294,284	5,159,187	(1,646,239)	3,512,948
Mine developement assets	4,783,137	(1,007,727)	3,775,410	3,565,347	(723,218)	2,842,129
Capital - Work in progress	869,000	-	869,000	407,991	-	407,991
Total	**11,815,499**	**(3,413,326)**	**8,402,173**	**9,798,866**	**(2,535,221)**	**7,263,645**

Company	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	684,302	(220,823)	463,479	666,341	(165,764)	500,577
Plant and machinery	5,479,060	(2,184,776)	3,294,284	5,159,187	(1,646,239)	3,512,948
Mine development assets	4,783,137	(1,007,727)	3,775,410	3,565,347	(723,218)	2,842,129
Capital - Work in progress	869,000	-	869,000	407,991	-	407,991
Total	**11,815,499**	**(3,413,326)**	**8,402,173**	**9,798,866**	**(2,535,221)**	**7,263,645**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Transfers	Depreciation	Change in estimate	Total
Buildings	500,577	17,961	-	(55,059)	-	463,479
Plant and machinery	3,512,948	415,704	(161)	(552,498)	(81,709)	3,294,284
Mine development assets	2,842,129	961,661	256,129	(284,509)	-	3,775,410
Capital - Work in progress	407,991	716,977	(255,968)	-	-	869,000
	7,263,645	**2,112,303**	**-**	**(892,066)**	**(81,709)**	**8,402,173**

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Transfers	Disposals	Depreciation	Change in estimate	Total
Buildings	537,571	-	15,236	-	(52,230)	-	500,577
Plant and machinery	3,598,991	-	268,423	(1,317)	(369,729)	16,580	3,512,948
Mine development assets	2,500,490	510,346	(2,238)	-	(166,469)	-	2,842,129
Capital - Work in progress	424,022	265,390	(281,421)	-	-	-	407,991
	7,061,074	**775,736**	**-**	**(1,317)**	**(588,428)**	**16,580**	**7,263,645**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Transfers	Depreciation	Change in estimate	Total
Buildings	500,577	17,961	-	(55,059)	-	463,479
Plant and machinery	3,512,948	415,704	(161)	(552,498)	(81,709)	3,294,284
Mine development assets	2,842,129	961,661	256,129	(284,509)	-	3,775,410
Capital - Work in progress	407,991	716,977	(255,968)	-	-	869,000
	7,263,645	**2,112,303**	**-**	**(892,066)**	**(81,709)**	**8,402,173**

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Transfers	Disposals	Depreciation	Change in estimate	Total
Buildings	537,571	-	15,236	-	(52,230)	-	500,577
Plant and machinery	3,598,991	-	268,423	(1,317)	(369,729)	16,580	3,512,948
Mine development assets	2,500,490	510,346	(2,238)	-	(166,469)	-	2,842,129
Capital - Work in progress	424,022	265,390	(281,421)	-	-	-	407,991
	7,061,074	**775,736**	**-**	**(1,317)**	**(588,428)**	**16,580**	**7,263,645**

*Change in estimate amount of R81,709 includes change in estimate of R50,535 relating to decommissioning and restoration provision (refer note 18) and R31,174 reduction in provision for capital expenditure.

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 and its respective subsidiaries.

Notes to the Annual Financial Statements

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.

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

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.

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

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.

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.

The calculation of the life of mine rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves.

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 Group 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.

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

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. Leases (group as lessee)

The Group has lease contracts for various mining assets and its head office building in Sandton used in its operations. Leases generally have lease terms between two and five years. The Group is restricted from assigning and subleasing the leased assets. The Group's obligations under its leases are secured by the lessor's title to the leased assets. 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 Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

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

Right-of-use assets

The Group 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 or life of mine based depretiation depending on the asset. The method of depreciation is considered on an asset to asset bases. If ownership of the leased asset transfers to the Group 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.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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 Group uses the interest rate implicit in the lease. 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.

Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in its leases, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group 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 Group 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 Group 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).

Short-term leases and leases of low-value assets

The Group 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.

Notes to the Annual Financial Statements

5. Leases (group as lessee) (continued)

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	1,260	2,267	1,260	2,267
Plant and machinery	124,331	75,463	124,331	75,463
	125,591	**77,730**	**125,591**	**77,730**

Additions to right-of-use assets

Buildings	-	2,519	-	2,519
Plant and machinery	68,031	87,432	68,031	87,432
	68,031	**89,951**	**68,031**	**89,951**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 24), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	1,008	1,939	1,008	1,939
Plant and machinery	37,223	26,023	37,223	26,023
	38,231	**27,962**	**38,231**	**27,962**

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	62,804	39,191	62,804	39,191
Two to five years	54,118	58,730	54,118	58,730
More than five years	-	1,784	-	1,784
	116,922	99,705	116,922	99,705
Less finance charges component	(8,490)	(8,121)	(8,490)	(8,121)
	108,432	**91,584**	**108,432**	**91,584**
Non-current liabilities	51,956	54,914	51,956	54,914
Current liabilities	56,476	36,670	56,476	36,670
	108,432	**91,584**	**108,432**	**91,584**

6. Goodwill

Company	2022			2021		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	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 Annual Financial Statements

6. Goodwill (continued)

The Group 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	**2022**	**2021**
• Average foreign Exchange rate (ZAR/USD)	16.13	15.73
• Average zinc price (USD/t)	2,884	2,473
• Average lead price (USD/t)	2,005	1,969
• Average copper price (USD/t)	8,762	6,975
• Average silver price (USD/ounce)	21.52	22.18
• Discount rate	12.26%	13.26%
• Ore Resource (k/t)	6,119	7,650

Gamsberg Project	**2022**	**2021**
• Average foreign Exchange rate (ZAR/USD)	17.49	17.50
• Average zinc price (USD/t)	2,917	2,558
• Average lead price (USD/t)	2,151	2,115
• Discount rate	12.26%	13.26%
• Ore Resource (k/t)	57,537	53,666
• Average zinc treatment charges (USD/t)	190	313

At 31 March 2022 and 31 March 2021, 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 indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the 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 directly in profit or loss in the statement of profit or 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 on disposal.

Notes to the Annual Financial Statements

7. Intangible assets

Group	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	181,054	-	181,054	181,054	-	181,054

Company	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	181,054	-	181,054	181,054	-	181,054

Reconciliation of intangible assets - Group - 2022

	Opening balance	Total
Exploration asset	181,054	181,054

Reconciliation of intangible assets - Group - 2021

	Opening balance	Additions	Total
Exploration asset	172,202	8,852	181,054

Reconciliation of intangible assets - Company - 2022

	Opening balance	Total
Exploration asset	181,054	181,054

Reconciliation of intangible assets - Company - 2021

	Opening balance	Additions	Total
Exploration asset	172,202	8,852	181,054

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. The Group estimates that it is more likely than not for economic benefits to be realised once a maiden resource has been declared for a specific site, as this shows that the ore is economically viable. 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 and if circumstances affecting it change.

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.

Notes to the Annual Financial Statements

7. Intangible assets (continued)

- 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.

8. Other financial assets

Available-for-sale				
Listed shares	1	1	1	1

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

9. Retirement benefits

Defined Contribution Plans

The Group 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 Group in the financial year.

The defined contribution pension cost represents the actual contributions payable by the Group to the various plans. At 31 March 2022, 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

Opening balance	68,861	71,119	68,861	71,119
Benefits paid	(2,556)	(2,436)	(2,556)	(2,436)
Net expense recognised in profit or loss	10,743	178	10,743	178
	77,048	**68,861**	**77,048**	**68,861**

Net expense recognised in profit or loss

Current service cost	1,522	1,504	1,522	1,504
Interest cost	9,330	7,541	9,330	7,541
Actuarial loss	(109)	(8,867)	(109)	(8,867)
	10,743	**178**	**10,743**	**178**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

9. Retirement benefits (continued)

Key assumptions used

Assumptions used on last valuation on 31 March 2022.

Discount rates used	11.94 %	13.80 %	11.94 %	13.80 %
Consumer price inflation	7.57 %	9.00 %	7.57 %	9.00 %
Health care cost inflation	9.57 %	11.00 %	9.57 %	11.00 %

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.

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.

Sensitivity analysis	**Increase in the discount rate by 1%**	**Decrease in the discount rate by 1%**	**Increase in the heath care cost inflation rate by 1%**	**Decrease in the heath care cost inflation rate by 1%**
Increase / (decrease) in past-service contractual liability	(8)	8	8	(8)
Increase / (decrease) in service cost plus interest cost	(1)	1	1	(1)

10. Deferred tax

Deferred tax liability

Property plant and equipment	(2,206,134)	(1,682,948)	(2,206,134)	(1,682,948)
Actuarial gain on post-retirement medical arrangements	(12,397)	(12,856)	(12,397)	(12,856)
Environment rehab trust	(22,762)	(21,644)	(22,762)	(21,644)
Prepayments	(23,205)	-	(23,205)	-
Other timing differences	-	(12,297)	-	(12,297)
Total deferred tax liability	**(2,264,498)**	**(1,729,745)**	**(2,264,498)**	**(1,729,745)**

Deferred tax asset

Amounts received in advance	31,924	41,518	31,924	41,518
Provisions	201,943	178,669	201,943	178,669
Loans and borrowings	12,283	15,122	12,283	15,122
Deferred tax balance from temporary differences other than unused tax losses	246,150	235,309	246,150	235,309

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**
10. Deferred tax (continued)				
Tax losses available for set off against future taxable income	62,000	81,427	62,000	81,427
	308,150	316,736	308,150	316,736
Total deferred tax asset	**308,150**	**316,736**	**308,150**	**316,736**

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

Deferred tax liability	(2,264,498)	(1,729,745)	(2,264,498)	(1,729,745)
Deferred tax asset	308,150	316,736	308,150	316,736
Total net deferred tax liability	**(1,956,348)**	**(1,413,009)**	**(1,956,348)**	**(1,413,009)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(1,413,009)	(912,338)	(1,413,009)	(912,338)
Charged to profit or loss	(550,148)	(498,188)	(550,148)	(498,188)
Debited to equity	6,809	(2,483)	6,809	(2,483)
	(1,956,348)	**(1,413,009)**	**(1,956,348)**	**(1,413,009)**

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 Group 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.

Notes to the Annual Financial Statements

10. Deferred tax (continued)

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 Group 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 Group 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 Group to obtain tax deductions in future periods.

11. Restricted cash

Opening balance	224,263	154,303	224,263	154,303
Contributions made during the year	39,806	60,695	39,806	60,695
Interest earned during the year	7,443	9,265	7,443	9,265
	271,512	**224,263**	**271,512**	**224,263**
Restricted cash is split as follows:				
The Black Mountain Mining Rehabilitation Trust	170,570	163,128	170,570	163,128
Other funds held for rehabilitation	84,318	48,901	84,318	48,901
The Gamsberg Nature Reserve Trust	16,624	12,234	16,624	12,234
	271,512	**224,263**	**271,512**	**224,263**

The balance comprises cash held in fixed deposits with interest rates of between 3.93% and 4.18%.

The Black Mountain Mining Rehabilitation Trust

The Black Mountain Mining Rehabilitation Trust was established to meet the Group'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.

These funds are not available for the general purpose of the Group. 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.

Guarantees have been issued in favour of the Department of Mineral Resources ("DMR") as assurance that the Group will honour its environmental rehabilitation obligations at the end of life of mine by the following institutions:

Rand Merchant Bank	93,760	93,760	93,760	93,760
Cenviro	301,430	283,930	301,430	283,930
	395,190	**377,690**	**395,190**	**377,690**

The Gamsberg Nature Reserve Trust

The Gamsberg nature trust was established solely and exclusively for the implementation and execution of the Biodiversity Offset agreement between Black Mountain Mining (Proprietary) Limited and the Northern Cape Provincial Government. These funds are not available for the general purpose of the Group.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

12. Inventories

Ore stockpiles	356,661	266,398	356,661	266,398
Metal in concentrate	86,076	32,986	86,076	32,986
Consumables	271,337	222,761	271,337	222,761
	714,074	522,145	714,074	522,145
Inventories (write-downs)	(27,349)	(14,237)	(27,349)	(14,237)
	686,725	**507,908**	**686,725**	**507,908**

Inventory write down provision				
Opening balance	14,237	13,010	14,237	13,010
Increase/(Decrease)	13,112	1,227	13,112	1,227
	27,349	**14,237**	**27,349**	**14,237**

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 2021: 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.

13. Trade and other receivables

Financial instruments:				
Trade receivables (not subject to provisional pricing) - amortised cost	116,968	46,915	116,968	46,915
Trade receivables (subject to provisional pricing) - fair value	22,416	58,760	22,416	58,760
Amounts owed by fellow subsidiaries	1,463	2,762	1,463	2,762
Other debtors	23,782	43,481	23,782	43,481
Provision for expected credit losses	(26,916)	(18,209)	(26,916)	(18,209)
Trade receivables	137,713	133,709	137,713	133,709
Non-financial instruments:				
VAT receivable	171,461	93,748	171,461	93,748
Prepayments	345,610	321,935	345,610	321,935
Total trade and other receivables	**654,784**	**549,392**	**654,784**	**549,392**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

13. Trade and other receivables (continued)

Categorisation of trade and other receivables

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

At amortised cost	115,297	74,949	115,297	74,949
At fair value through profit or loss	22,416	58,760	22,416	58,760
Non-financial instruments	517,071	415,683	517,071	415,683
	654,784	**549,392**	**654,784**	**549,392**

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 Group 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 Group trades only with recognised creditworthy third parties. It is the Group'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 Group's exposure to credit-impaired balances and bad debts is not significant.

At 31 March 2022, the trade receivables balance made up of forty five customers (2021: nine customers). There were no customers (2021: none) with a balance greater than US$10 million.

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 2022 (2021: 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 and receivables from Konkola Copper Mines PLC, which is not deemed recoverable based on the financial position of the company.

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

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

13. Trade and other receivables (continued)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group'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 Group'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 Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2022 and 2021 is the carrying amounts as per the statement of financial position.

	2022	2022	2021	2021
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 0% (2021: 0%)	112,151	-	54,826	-
31 - 60 days past due: 0% (2021: 0%)	251	-	13,261	-
61 - 90 days past due: 0% (2021: 0%)	51	-	29,534	-
More than 90 days past due: 100% (2021: 0%)	26,932	26,916	8,054	-
Total	**139,385**	**26,916**	**105,675**	**-**

Movement in provision for expected credit losses				
Opening balance	18,208	9,122	18,208	9,122
Increase/(decrease)	8,708	9,086	8,708	9,086
	26,916	**18,208**	**26,916**	**18,208**

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.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	889,195	569,455	889,195	569,341
Short-term deposits	222,250	198,823	222,250	198,823
Bank overdraft	(142)	-	(142)	-
	1,111,303	**768,278**	**1,111,303**	**768,164**
Current assets	1,111,445	768,278	1,111,445	768,164
Current liabilities	(142)	-	(142)	-
	1,111,303	**768,278**	**1,111,303**	**768,164**

Rand Merchant Bank a division of FirstRand Bank Limited has issued a guarantee for R32 592 600 in favour of Eskom Holdings Limited and a guarantee for R1 200 000 in favour of Transnet.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	2022	2021	2022	2021

14. Cash and cash equivalents (continued)

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.

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, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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

15. Share capital

	Group		Company	
Authorised	**2022**	**2021**	**2022**	**2021**
9800 Ordinary shares of no par value	9,800	9,800	9,800	9,800
100 Ordinary Type A shares of no par value	100	100	100	100
100 Ordinary Type B shares of no par value	100	100	100	100
	10,000	**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.

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

Issued				
Ordinary no par value	1	1	1	1
Treasury shares / held by subsidiaries *	-	-	-	-
	1	**1**	**1**	**1**

* The 32 ordinary A and 32 ordinary B shares are held by the Voorspoed Trust which is controlled by Black Mountain Mining (Proprietary) Limited.

16. Loans from group companies

Holding company

THL Zinc BV	880,545	1,023,202	880,545	1,023,202

THL Zinc Holding B.V. advanced a loan facility of USD 200 million to the Group 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 Group 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 Group;
- the subordination agreement has been substituted and/or replaced by the Group with other subordinated debt; or
- the last day of the term.

Notes to the Annual Financial Statements

Figures in Rand thousand	Group 2022	Group 2021	Company 2022	Company 2021

16. Loans from group companies (continued)

Fellow subsidiaries				
Namzinc Proprietary Limited	871,255	875,008	871,255	875,008

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.

Reconciliation of loans from group companies	Group 2022	Group 2021	Company 2022	Company 2021
Balance at 1 April	1,898,210	2,427,503	1,898,210	2,427,503
Drawdowns	102,000	50,000	102,000	50,000
Interest accrued	84,971	117,599	84,971	117,599
Interest paid	(30,263)	(44,160)	(30,263)	(44,160)
Foreign exchange (gains)/losses	(8,617)	(245,304)	(8,617)	(245,304)
Repayments	(294,501)	(407,428)	(294,501)	(407,428)
	1,751,800	**1,898,210**	**1,751,800**	**1,898,210**

Split between non-current and current portions

	Group 2022	Group 2021	Company 2022	Company 2021
Non-current liabilities	1,642,516	1,898,126	1,642,516	1,898,126
Current liabilities	109,284	84	109,284	84
	1,751,800	**1,898,210**	**1,751,800**	**1,898,210**

Fair value of group loans payable

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

17. Interest-bearing loans and borrowings

	Group 2022	Group 2021	Company 2022	Company 2021
Held at amortised cost				
Secured				
ICICI Loan	44,129	222,332	44,129	222,332
RMB Loan	44,129	222,332	44,129	222,332
Unsecured				

Reconciliation of interest-bearing loans and borrowings	Group 2022	Group 2021	Company 2022	Company 2021
Balance at 1 April	444,664	974,924	444,664	974,924
Drawdowns	-	-	-	-
Interest accrued	6,954	15,035	6,954	15,035
Interest paid	(9,014)	(25,835)	(9,014)	(25,835)
Foreign exchange (gains)/losses	2,849	(135,726)	2,849	(135,726)
Repayments	(357,195)	(383,734)	(357,195)	(383,734)
	88,258	**444,664**	**88,258**	**444,664**

Split between non-current and current portions

	Group 2022	Group 2021	Company 2022	Company 2021
Non-current liabilities	-	88,966	-	88,966
Current liabilities	88,258	355,698	88,258	355,698
	88,258	**444,664**	**88,258**	**444,664**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

17. Interest-bearing loans and borrowings (continued)

ICICI Bank have advanced a term loan facility of USD 150 million to the Group 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 Group 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 Group 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.

Vedanta Limited (the Group's holding company) has issued a guarantee for USD 36 million in favour of ICICI Bank as assurance that the Group will honour it's liability to the bank.

Exposure to liquidity risk

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

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.

18. Provisions

Reconciliation of provisions - Group - 2022

	Opening balance	Change in estimate	Unwinding in discount factor	Total
Restoration	98,766	(18,930)	8,585	88,421
Decommissioning	216,195	(31,606)	18,093	202,682
	314,961	**(50,536)**	**26,678**	**291,103**

Reconciliation of provisions - Group - 2021

	Opening balance	Change in estimate	Unwinding in discount factor	Total
Environmental restoration	84,830	5,567	8,369	98,766
Decommissioning	187,484	11,015	17,696	216,195
	272,314	**16,582**	**26,065**	**314,961**

Reconciliation of provisions - Company - 2022

	Opening balance	Change in estimate	Unwinding in discount factor	Total
Restoration	98,766	(18,930)	8,585	88,421
Decommissioning	216,195	(31,606)	18,093	202,682
	314,961	**(50,536)**	**26,678**	**291,103**

Notes to the Annual Financial Statements

18. Provisions (continued)

Reconciliation of provisions - Company - 2021

	Opening balance	Change in estimate	Unwinding in discount factor	Total
Environmental restoration	84,830	5,567	8,369	98,766
Decommissioning	187,484	11,015	17,696	216,195
	272,314	**16,582**	**26,065**	**314,961**

Provisions - accounting policy

Provisions are recognised when the Group 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 Group 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.

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 Group's obligations under existing South African law and the terms of the Group's mining and other licences and contractual arrangements. The current estimate was discounted at a risk free rate between 8.15% (2021: 7.56%) for Deeps & Swartberg operations and 9.97% (2021: 8.75%) for Gamsberg. These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be September 2026 for the Deeps & Swartberg operations and March 2036 for the Gamsberg operations.

The Group 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.

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

18. Provisions (continued)

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 risk free rate of 8.15% (2021: 7.56%) for Deeps & Swartberg operations and 9.97% (2021: 8.75%) for Gamsberg. These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be September 2026 for the Deeps & Swartberg operations and March 2036 for the Gamsberg operations.

19. Share based payments

BMM cash settled scheme	216,678	169,603	216,678	169,603
Vedanta cash settled scheme	14,667	4,272	14,667	4,272
	231,345	**173,875**	**231,345**	**173,875**

Non-current liabilities	126,150	173,876	126,150	173,876
Current liabilities	105,195	-	105,195	-
	231,345	**173,876**	**231,345**	**173,876**

BMM cash settled scheme

On 1 April 2017 the Group issued shares to the Voorspoed Trust with an effective holding of 6% of the Group'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 amount expected to be paid out in 2022, relating to the amount vested in year 5, have been classified as current. The decision to pay this amount is that of the trustees of the Voorspoed Trust.

The Group 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 Group 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 2022:

- Dividend yield: 0% (2021: 0%)
- Expected volatility: 35% (2021: 35%)
- Risk–free interest rate: 6.15% (2021: 4.94%)
- Time to expiry: 2 years (2021: 3 years)
- Option value: A shares R1.22m, B shares R234.84m (2021: A shares R1.93m, B shares R266.25m)
- Model used: Black Scholes

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.

Notes to the Annual Financial Statements

Figures in Rand thousand	Group 2022	Group 2021	Company 2022	Company 2021

20. Trade and other payables

Financial instruments:				
Trade payables	250,530	288,092	250,530	288,092
Amount owed to group companies	40,386	38,189	40,386	38,189
Accruals	452,881	335,912	452,945	335,862
Other creditors	121,814	118,287	121,814	118,287
Contract liabilities *	97,887	54,664	97,887	54,664
Cash flow hedge liability	25,377	-	25,377	-
	988,875	**835,144**	**988,939**	**835,094**
Non-financial instruments:				
PAYE	11,930	(12,113)	11,930	(12,113)
Amounts received in advance	164,321	147,457	164,321	147,457
Royalty	530	(415)	530	(415)
	176,781	**134,929**	**176,781**	**134,929**
	1,165,656	**970,073**	**1,165,720**	**970,023**

* 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.

Rand Merchant Bank a division of FirstRand Bank Limited has issued a guarantee for R32 592 600 in favour of Eskom Holdings Limited and a guarantee for R1 200 000 in favour of Transnet.

Fair value of trade and other payables

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

21. Revenue

Sale of goods	7,860,092	5,405,899	7,860,092	5,405,899
Rendering of services	995,012	528,312	995,012	528,312
	8,855,104	**5,934,211**	**8,855,104**	**5,934,211**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Zinc	6,311,554	4,100,959	6,311,554	4,100,959
Lead	742,297	623,285	742,297	623,285
Copper	583,886	433,999	583,886	433,999
Silver	222,355	247,656	222,355	247,656
	7,860,092	**5,405,899**	**7,860,092**	**5,405,899**
Rendering of services				
Freight/Shipping service	995,012	528,312	995,012	528,312
Total revenue from contracts with customers	**8,855,104**	**5,934,211**	**8,855,104**	**5,934,211**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

21. Revenue (continued)

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 Group 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 Group 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 Group’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 Group’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.

Contract balances

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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 Group’s future performance.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

Amount of revenue recognised during the year included in contract liabilities at the beginning of the year:

Freight/Shipping services	-	26,630	-	26,630

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

	Group		Company	
Figures in Rand thousand	2022	2021	2022	2021

21. Revenue (continued)

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 Group's metal in concentrate sales subject to CIF/CIP Incoterms, whereby the Group 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 Group and the customer. The Group 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 Group 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 Group 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 Group would be able to transfer the metal in concentrate even if the customer did not want the freight/shipping services. Consequently, the Group allocated a portion of the transaction price to the metal in concentrate and the freight/shipping services based on relative stand-alone selling prices.

Principal versus agent considerations – freight/shipping services

As noted above, in some arrangements subject to CIF/CIP Incoterms, the Group is responsible for providing freight/shipping services. While the Group does not actually provide nor operate the vessels, trucks or trains, the Group 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 Group 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 Group's contract with the service provider give the Group the ability to direct the service provider to provide the specified services on the Group's behalf.

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

- The Group is primarily responsible for fulfilling the promise to provide freight/shipping services. Although the Group has hired a service provider to perform the services promised to the customer, it is the Group itself that is responsible for ensuring that the services are performed and are acceptable to the customer (i.e., the Group is responsible for fulfillment of the promise in the contract, regardless of whether the Group performs the services itself or engages a third-party service provider to perform the services).
- The Group 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 Group's long-term contracts that are subject to market-based prices, i.e., there is variable consideration, the Group 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 Group'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).

Notes to the Annual Financial Statements

		Group		Company	
Figures in Rand thousand		**2022**	**2021**	**2022**	**2021**

21. Revenue (continued)

- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities.

The Group'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 Group 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 Group 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 Group. The fact that another entity would not need to re-perform the freight/shipping services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group 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 Group's effort (i.e., time elapsed) and the transfer of service to the customer. The Group recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

22. Other operating income

Rental income	3,855	3,400	3,855	3,400
Other income	20,309	8,013	20,309	8,013
	24,164	**11,413**	**24,164**	**11,413**

23. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	4	(31,147)	(1,137)	(31,147)	(1,137)
Foreign exchange gains (losses)					
Net foreign exchange gains		6,019	384,697	6,019	384,697
Total other operating gains (losses)		**(25,128)**	**383,560**	**(25,128)**	**383,560**

24. Operating profit (loss)

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

Audit fees - external	2,423	6,165	2,423	6,115
Audit fees - internal	**4,364**	**3,031**	**4,364**	**3,031**

Expenses by nature

Changes in inventories of finished goods and work in progress	(1,160,487)	(388,479)	(1,160,487)	(388,479)
Employee costs	726,567	651,799	723,124	648,427
Depreciation, amortisation and impairment	892,066	588,428	892,066	588,428
Royalty	24,523	16,561	24,523	16,561
Share based payment expense	62,775	41,990	62,775	41,990

Notes to the Annual Financial Statements

Figures in Rand thousand	Group 2022	Group 2021	Company 2022	Company 2021
25. Finance income				
Bank and other cash	6,938	76,492	6,938	76,492
Interest on environmental rehabilitation trust	7,443	9,265	7,443	9,265
Foreign exchange gains on balances held in foreign currencies	-	3,219	-	3,219
Total interest income	**14,381**	**88,976**	**14,381**	**88,976**
26. Finance costs				
Interest on group loans and borrowings	84,971	117,599	84,971	117,599
Interest on long term interest bearing borrowings	6,954	15,036	6,954	15,036
Net foreign exchange losses on foreign currency borrowings	12,122	-	12,122	-
Interest on advances from customers	16,631	13,587	16,631	13,587
Unwinding of discount on provisions and other liabilities	26,678	26,065	26,678	26,065
Interest on post-employment benefit arrangements	9,330	7,541	9,330	7,541
Other interest	15,794	15,464	15,794	15,464
Total finance costs	**172,480**	**195,292**	**172,480**	**195,292**

27. Taxation

Major components of the tax expense (income)

	Group 2022	Group 2021	Company 2022	Company 2021
Current				
Local income tax - recognised in current tax for prior periods	849	-	849	-
Deferred				
Originating and reversing temporary differences	550,148	498,482	550,191	498,482
	550,997	**498,482**	**551,040**	**498,482**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate.

	Group 2022	Group 2021	Company 2022	Company 2021
Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %
Decrease in tax rate	(3.45)%	- %	(3.46)%	- %
Disallowable charges	0.16 %	0.61 %	0.16 %	0.61 %
Prior year over provision	1.54 %	- %	1.54 %	- %
Other	0.15 %	- %	0.12 %	- %
	26.40 %	**28.61 %**	**26.36 %**	**28.61 %**

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.

Notes to the Annual Financial Statements

Figures in Rand thousand	Group 2022	Group 2021	Company 2022	Company 2021

27. Taxation (continued)

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

	Group 2022	Group 2021	Company 2022	Company 2021
Profit (loss) before taxation	2,087,211	1,742,419	2,090,654	1,745,729
Adjustments for:				
Depreciation and amortisation	892,066	588,428	892,066	588,428
Losses on disposals, scrappings and settlements of assets and liabilities	-	1,137	-	1,137
Unrealised (gains) / losses on foreign exchange	(18,141)	(378,173)	(18,141)	(378,173)
Finance income	(14,381)	(88,976)	(14,381)	(88,976)
Finance costs	172,480	195,292	172,480	195,292
Movements in retirement benefit assets and liabilities	1,522	(2,258)	1,522	(2,258)
Movements in share based payment liability	57,469	41,393	57,469	41,393
Interest on post-employment benefit arrangements	-	(7,541)	-	(7,541)
Actuarial gain/(loss)	-	8,867	-	8,867
Rental Income	(3,855)	(3,400)	(3,855)	(3,400)
Changes in working capital:				
Inventories	(178,817)	98,973	(178,817)	98,973
Trade and other receivables	(105,392)	(247,220)	(105,392)	(247,220)
Trade and other payables	199,075	(252,644)	199,189	(252,694)
Cash generated from operations	**3,089,237**	**1,696,297**	**3,092,794**	**1,699,557**

29. Tax refunded

	Group 2022	Group 2021	Company 2022	Company 2021
Balance at beginning of the year	11,215	11,148	11,215	11,148
Current tax for the year recognised in profit or loss	(504)	67	(504)	67
Balance at end of the year	(10,711)	(11,215)	(10,711)	(11,215)
	-	-	-	-

30. Commitments

Authorised capital expenditure

	Group 2022	Group 2021	Company 2022	Company 2021
Already contracted for but not provided for				
• Property, plant and equipment	164,245	11,326	164,245	11,326

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

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

31. Related parties

Relationships	
Ultimate holding company	Vedanta Resources PLC
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%).

Related party balances

	Group 2022	Group 2021	Company 2022	Company 2021
Loan accounts - Owing (to) by related parties				
Namzinc (Proprietary) Limited	(871,255)	(875,008)	(871,255)	(875,008)
THL Zinc BV	(880,545)	(1,023,202)	(880,545)	(1,023,202)
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Vedanta Resources PLC	(37,645)	(33,094)	(37,645)	(33,094)
Vedanta Limited	(1,136)	(3,993)	(1,136)	(3,993)
Hindustan Zinc Limited	(1,224)	(682)	(1,224)	(682)
Namzinc (Proprietary) Limited	-	(682)	-	(682)
Namzinc (Proprietary) Limited	1,402	3,137	1,402	3,137
Cairn India Holdings Limited	(129)	-	(129)	-
Sterlite Ports Limited	171	-	171	-
Vedanta Limited	-	791	-	791

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

	Group 2022	Group 2021	Company 2022	Company 2021
Administration fees paid to (received from) related parties				
Namzinc (Proprietary) Limited	(13,801)	(14,548)	(13,801)	(14,548)
Naminc (Proprietary) Limited	5,161	-	5,161	-
Sterlite Ports Limited	5,731	-	5,731	-
Hindustan Zinc Ltd	2,704	-	2,704	-
Vedanta Limited	1,315	-	1,315	-
Ferro Alloy Corporation Ltd	105	-	105	-
Cairn India Holdings Limited	129	-	129	-
Copper Mines of Tasmania (Proprietary) Limited	(20)	-	(20)	-
Share based expenses paid				
Vedanta Limited	659	2,043	659	2,043
Namzinc (Proprietary) Limited	89	-	89	-
Gaurantee commission paid				
Vedanta Limited	892	2,103	892	2,103
Brand fee				
Vedanta Resources PLC	134,136	89,013	134,136	89,013
Finance cost				
Namzinc (Proprietary) Limited	54,247	-	54,247	-

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**
31. Related parties (continued)				
THL Zinc BV	30,723	-	30,723	-

Notes to the Annual Financial Statements

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2022

	Note(s)	Fair value through profit or loss	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Restricted cash	11	-	271,512	271,512	271,512
Trade and other receivables	13	22,416	115,297	137,713	137,713
Cash and cash equivalents	14	-	1,111,445	1,111,445	1,111,445
		22,417	**1,498,254**	**1,520,671**	**1,520,671**

Group - 2021

	Note(s)	Fair value through profit or loss	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Trade and other receivables	13	58,760	74,949	133,709	133,709
Cash and cash equivalents	14	-	768,278	768,278	768,278
Restricted cash	11	-	224,263	224,263	224,263
		58,761	**1,067,490**	**1,126,251**	**1,126,251**

Company - 2022

	Note(s)	Fair value through profit or loss	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Restricted cash	11	-	271,512	271,512	271,512
Trade and other receivables	13	22,416	115,297	137,713	137,713
Cash and cash equivalents	14	-	1,111,445	1,111,445	1,111,445
		22,417	**1,498,254**	**1,520,671**	**1,520,671**

	Group		Company	
Figures in Rand thousand	2022	2021	2022	2021

33. Financial instruments and risk management (continued)

Company - 2021

	Note(s)	Fair value through profit or loss	Amortised cost	Total	Fair value
Investments at fair value		1	-	1	1
Trade and other receivables	13	58,760	74,949	133,709	133,709
Cash and cash equivalents	14	-	768,164	768,164	768,164
Restricted cash	11	-	224,263	224,263	224,263
		58,761	**1,067,376**	**1,126,137**	**1,126,137**

Categories of financial liabilities

Group - 2022

	Note(s)	At FVOCI/Derivatives designated as hedging instruments	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	-	963,499	-	963,499	963,499
Loans from group companies	16	-	1,751,800	-	1,751,800	1,751,800
Interest bearing loans and borrowings	17	-	88,258	-	88,258	88,258
Cash flow hedge liability	20	25,377	-	-	25,377	25,377
Finance lease obligations	5	-	-	108,432	108,432	108,432
Bank overdraft	14	-	142	-	142	142
		25,377	**2,803,699**	**108,432**	**2,937,508**	**2,937,508**

Group - 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	835,145	-	835,145	835,145
Loans from group companies	16	1,898,210	-	1,898,210	1,898,210
Borrowings	17	444,664	-	444,664	444,664
Finance lease obligations	5	-	91,584	91,584	91,584
		3,178,019	**91,584**	**3,269,603**	**3,269,603**

Figures in Rand thousand

33. Financial instruments and risk management (continued)

Company - 2022

	Note(s)	At FVOCI/Derivatives designated as hedging instruments	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	-	963,562	-	963,562	963,562
Loans from group companies	16	-	1,751,800	-	1,751,800	1,751,800
Interest bearing loans and borrowings	17	-	88,258	-	88,258	88,258
Cash flow hedge liability	20	25,377	-	-	25,377	25,377
Finance lease obligations	5	-	-	108,432	108,432	108,432
Bank overdraft	14	-	142	-	142	142
		25,377	**2,803,762**	**108,432**	**2,937,571**	**2,937,571**

Company - 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	835,095	-	835,095	835,095
Loans from group companies	16	1,898,210	-	1,898,210	1,898,210
Interest bearing loans and borrowings	17	444,664	-	444,664	444,664
Finance lease obligations	5	-	91,584	91,584	91,584
		3,177,969	**91,584**	**3,269,553**	**3,269,553**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand thousand	**2022**	**2021**	**2022**	**2021**

33. Financial instruments and risk management (continued)

Capital risk management

For the purpose of the Group'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 Group'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.

In order to achieve this overall objective, the Group'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 Group 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 Group 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 group at the reporting date was as follows:

		Group		Company	
		2022	**2021**	**2022**	**2021**
Loans from group companies	16	1,751,800	1,898,210	1,751,800	1,898,210
Interest bearing loans and borrowings	17	88,258	444,664	88,258	444,664
Lease liabilities	5	108,432	91,584	108,432	91,584
Trade and other payables	20	1,165,656	970,074	1,165,720	970,024
Total borrowings		**3,114,146**	**3,404,532**	**3,114,210**	**3,404,482**
Cash and cash equivalents	14	(1,111,303)	(768,278)	(1,111,303)	(768,164)
Net borrowings		**2,002,843**	**2,636,254**	**2,002,907**	**2,636,318**
Equity		5,681,455	4,163,700	5,681,391	4,163,636
Gearing ratio		35 %	63 %	35 %	63 %

Financial risk management

Overview

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

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

Credit risk

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

Figures in Rand thousand

33. Financial instruments and risk management (continued)

Please refer to 13 for more information on the credit risk the Group is exposed to.

Liquidity risk

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

The Group 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 Group's holding of cash and cash equivalents, as well as any distribution restrictions that exist.

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.

Group - 2022

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Loans from group companies	16	-	1,642,516	1,642,516	1,642,516
Finance lease liabilities	5	-	51,956	51,956	51,956
		-	**1,694,472**	**1,694,472**	**1,694,472**
Current liabilities					
Trade and other payables	20	1,165,656	-	1,165,656	1,165,656
Loans from group companies	16	109,284	-	109,284	109,284
Borrowings	17	88,258	-	88,258	88,258
Finance lease liabilities	5	56,476	-	56,476	56,476
Bank overdraft	14	142	-	142	142
		1,419,816	**-**	**1,419,816**	**1,419,816**
		1,419,816	**1,694,472**	**3,114,288**	**3,114,288**

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Group - 2021

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Loans from group companies	16	-	1,898,126	-	-	1,898,126	1,898,126
Borrowings	17	-	88,966	-	-	88,966	88,966
Finance lease liabilities	5	-	36,497	24,320	1,186	62,003	62,003
		-	**2,023,589**	**24,320**	**1,186**	**2,049,095**	**2,049,095**
Current liabilities							
Trade and other payables	20	970,074	-	-	-	970,074	970,074
Loans from group companies	16	84	-	-	-	84	84
Borrowings	17	355,698	-	-	-	355,698	355,698
Finance lease liabilities	5	39,191	-	-	-	39,191	39,191
		1,365,047	**-**	**-**	**-**	**1,365,047**	**1,365,047**
		1,365,047	**2,023,589**	**24,320**	**1,186**	**3,414,142**	**3,414,142**

Company - 2022

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Loans from group companies	16	-	1,642,516	-	-	1,642,516	1,642,516
Finance lease liabilities	5	-	51,956	-	-	51,956	51,956
		-	**1,694,472**	**-**	**-**	**1,694,472**	**1,694,472**
Current liabilities							
Trade and other payables	20	1,165,720	-	-	-	1,165,720	1,165,720
Loans from group companies	16	109,284	-	-	-	109,284	109,284
Borrowings	17	88,258	-	-	-	88,258	88,258
Finance lease liabilities	5	56,476	-	-	-	56,476	56,476
Bank overdraft	14	142	-	-	-	142	142
		1,419,880	**-**	**-**	**-**	**1,419,880**	**1,419,880**

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Company - 2021

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Loans from group companies	16	-	1,898,126	-	-	1,898,126	1,898,126
Borrowings	17	-	88,966	-	-	88,966	88,966
Finance lease liabilities	5	-	36,497	24,320	1,186	62,003	62,003
		-	**2,023,589**	**24,320**	**1,186**	**2,049,095**	**2,049,095**
Current liabilities							
Trade and other payables	20	970,024	-	-	-	970,024	970,024
Loans from group companies	16	84	-	-	-	84	84
Borrowings	17	355,698	-	-	-	355,698	355,698
Finance lease liabilities	5	39,191	-	-	-	39,191	39,191
		1,364,997	**-**	**-**	**-**	**1,364,997**	**1,364,997**

Foreign currency risk

The group 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 group deals primarily are US Dollars.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group'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 Group's costs are denominated in currencies other than ZAR. 73% (2021: 73%) 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.

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	13	140,480	105,299	140,480	105,299
Cash and cash equivalents	14	881,731	218,187	881,731	218,187
Non-current liabilities:					
Interest bearing loans and borrowings	17	-	(88,966)	-	(88,967)
Group loans	16	(880,545)	(1,023,118)	(880,545)	(1,023,118)
Current liabilities:					
Trade and other payables	20	(199,013)	(199,851)	(199,013)	(199,851)
Interest bearing loans and borrowings	17	(88,258)	(355,698)	(88,258)	(355,698)
Loans from group companies	16	-	(84)	-	(84)
Net US Dollar exposure		**(145,605)**	**(1,344,231)**	**(145,605)**	**(1,344,232)**

Notes to the Annual Financial Statements

Figures in Rand thousand		Group 2022	Group 2021	Company 2022	Company 2021

33. Financial instruments and risk management (continued)

Indian Rupees exposure:

Current liabilities:					
Trade and other payables	20	(2,318)	(5,095)	(2,318)	(5,095)
Net exposure to foreign currency in Rand		**(147,923)**	**(1,349,326)**	**(147,923)**	**(1,349,327)**

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	13	9,653	7,101	9,653	7,101
Cash and cash equivalents	14	60,589	14,715	60,589	14,715
Non-current liabilities:					
Interest bearing loans and borrowings	17	-	(6,000)	-	(6,000)
Group loans	16	(60,508)	(69,000)	(60,508)	(69,000)
Current liabilities:					
Trade and other payables	20	(13,675)	(13,478)	(13,675)	(13,478)
Interest bearing loans and borrowings	14	(6,065)	(23,991)	(6,065)	(23,991)
Loans from group companies	17	-	(6)	-	(6)
Net US Dollar exposure		**(10,006)**	**(90,659)**	**(10,006)**	**(90,659)**

Indian Rupees exposure:

Current liabilities:					
Trade and other payables	20	(12,040)	(58,524)	(12,040)	(58,524)

Exchange rates

The following closing exchange rates were applied at reporting date:

Rand per unit of foreign currency:				
US Dollar	14.553	14.828	14.553	14.828
Rupees	0.193	0.202	0.193	0.202

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group 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.

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
US Dollar 10% (2021: 10 %)	25,242	(25,242)	(134,423)	134,423
INR 10% (2021: 10 %)	(232)	232	(509)	509
	25,010	**(25,010)**	**(134,932)**	**134,932**

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Company	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
US Dollar 10% (2021: 10 %)	25,242	(25,242)	(134,423)	134,423
INR 10% (2021: 10 %)	(232)	232	(509)	509
	25,010	**(25,010)**	**(134,932)**	**134,932**

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group's profit before tax through the impact on floating rate borrowings and cash and cash equivalents (with all other variables held constant).

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
10% (2021:10 %)	(16,036)	16,036	(16,624)	16,624

Company	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
10% (2021:10 %)	(16,036)	16,036	(16,624)	16,624

Price risk

The Group 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 Group's capacity to generate cash flow. The Group is predominantly an unhedged producer to provide its shareholders with exposure to changes in the market price of metals. The Group'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.

Sales are invoiced at the agreed LME price between the Group 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 Group 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.

33. Financial instruments and risk management (continued)

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
LME 10% (2021: 10 %)	36,922	(36,922)	95,616	(95,616)
Treatment costs 10% (2021: 10 %)	(6,182)	6,182	(12,903)	12,903
	30,740	**(30,740)**	**82,713**	**(82,713)**

Company	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
LME 10% (2021: 10 %)	36,922	(36,922)	95,616	(95,616)
Treatment costs 10% (2021: 10 %)	(6,182)	6,182	(12,903)	12,903
	30,740	**(30,740)**	**82,713**	**(82,713)**

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 Group 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 Group'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 Group 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 group can access at measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

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.

Figures in Rand thousand	Group 2022	Group 2021	Company 2022	Company 2021

34. Fair value information (continued)

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets

	Group 2022	Group 2021	Company 2022	Company 2021
Equity investments at fair value through other comprehensive income				
Listed shares	1	1	1	1
Financial assets at fair value through profit (loss)				
Trade and other receivables	22,416	58,760	22,416	58,760
Total	**22,417**	**58,761**	**22,417**	**58,761**

Valuation techniques used to derive level 2 fair values

Valuation processes applied by the Group

The fair value of trade and other receivables is performed by the Group's finance department and marketing team, on a monthly basis. The valuation is based on the terms of the sales contract and current quoted and forecasted LME prices. The finance department reports to the Group's Chief Financial Officer (CFO).

Fair value measurement - accounting policy

The Group 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 Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

34. Fair value information (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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 Group'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 Group's capital expenditure programme. The Group'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 Group 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 Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group'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.

35. Going concern

The Group'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.

For the year ended 31 March 2022, Black Mountain Mining Proprietary Limited (BMM) realised a profit of R1 543 million (2021: profit of R1 244 million). As at 31 March 2022, the Group's current assets exceeded its current liabilities by R937 million (2021: R474 million) and the Group's total assets exceeded its total liabilities by R5 681 million (2021: R4 164 million). During the year ended 31 March 2022, BMM generated cash from operations of R3 089 million (2021: R1 696 million).

Although the current commodity prices and exchange rates are favourable to the Group, high levels of volatility in commodity prices and exchange rates may impact the Group's profitability and financial condition.

Management believes that the cash generated by its operations, cash on hand and business plan for the next 12 months will enable the Group to continue to meet its obligations as they fall due. The consolidated financial statements for the year ended 31 March 2022, therefore, have been prepared on a going concern basis.

36. 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.