Black Mountain Mining Proprietary Limited
(Registration number 2005/040096/07)
Financial statements
for the year ended March 31, 2021

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

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(Registration number 2005/040096/07)
Financial Statements for the year ended March 31, 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Exploration, development, treatment, production and sale of zinc, lead, copper and associated minerals concentrates.
Directors	A Agarwal V Naidoo P Singla P Van Greunen M Snyman NM Vegter (Alternate) H Uys M Magwai
Registered office	Penge Road Aggeneys Northern Cape 8893
Postal address	Penge Road Aggeneys Northern Cape 8893
Holding company	All of the shares in the company are held by THL Zinc Limited (69.6%), Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (24.4%) and The Voorspoed Trust (6%).
Ultimate holding company	Vedanta Resources Limited
Bankers	Standard Bank of South Africa Limited
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 financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements prepared under the supervision of Pushpender Singla CA(SA) Chief Financial Officer
Issued	May 25, 2021
Secretary	Nishika Indurjeeth

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Published

May 25, 2021

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the 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 financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 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 March 31, 2022 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 financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 9.

The financial statements set out on pages 10 to 62, which have been prepared on the going concern basis, were approved by the board on May 25, 2021 and were signed on their behalf by:

Approval of financial statements

P Singla

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Black Mountain Mining Proprietary Limited and the group for the year ended March 31, 2021.

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	79.4	6.5	0.5	5,139	408
Deeps mine	1.3	2.7	3.5	34	43
	80.7			5,173	451
Probable					
Gamsberg mine	30.9	5.2	0.5	1,618	146
Swartberg mine	24.4	0.5	1.8	118	448
Deeps mine	2.9	2.9	1.4	84	40
	138.9			**6,993**	**1,085**

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

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

3. Share capital

	2021	2020
Authorised	Number of shares	
Ordinary shares	9,800	9,800
Class A ordinary shares	100	100
10% Type A preference shares	100	100

	2021	2020	2021	2020
Issued	R '000	R '000	Number of shares	
Ordinary shares	1,000	1,000	1,000	1,000
Class A ordinary shares	-	-	32	32
10% Type A preference 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 (2020: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 2021, the directors declared a special dividend payable to the Voorspoed Trust as per the Scheme agreements, this will be paid via a distribution of R4 375.00 to each beneficiary of the Voorspoed Trust. The same special dividend was declared on the 18th of April 2020 as per the Voorspoed Trust scheme.

6. Directorate

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

Directors	Designation	Nationality	Changes
A Agarwal	Chairman, Non-executive	Indian	Appointed Sunday, May 31, 2020
V Naidoo	Deputy Chairman, Non-executive Independent	South African	Appointed Sunday, May 31, 2020
P Singla	Executive	Indian	Appointed Sunday, May 31, 2020
P Van Greunen	Executive	South African	
R Smit	Non-executive	South African	Resigned Wednesday, March 24, 2021
M Snyman	Non-executive	South African	
NM Vegter (Alternate)	Non-executive	South African	
H Uys	Executive	South African	Appointed Wednesday, March 31, 2021
GR Arun Kumar	Non-executive	Indian	Resigned Sunday, May 31, 2020
D Naidoo	Executive	South African	Resigned Monday, May 4, 2020
S Gargiya	Executive	Indian	Resigned Sunday, May 31, 2020
M Magwai	Executive	South African	Appointed Wednesday, March 31, 2021

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.

The directors have reviewed the business plan for the next 12 months in light of the current COVID-19 global pandemic. Manangement do not foresee the pandemic to have any material impact on the going concern of the company in the foreseeable future.

Black Mountain Mining Proprietary Limited (BMM) realised a profit of R1 244 million for the year ended 31 March 2021 (31 March 2020: loss R440 million).

9. Auditors

Ernst & Young Inc. continued in office as auditors for the company and its subsidiaries for 2021.

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 Nishika Indurjeeth.

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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 Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Black Mountain Mining Proprietary Limited ('the company') set out on pages 10 to 62, which comprise the consolidated and separate statement of financial position as at 31 March 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements 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 2021", which includes the Directors'

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Report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, 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 Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group 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 Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Ernst & Young Inc.
Director – James Crawford Thomas
Registered Auditor
Chartered Accountant (SA)
25 May 2021

Statement of Financial Position as at March 31, 2021

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2021**	**2020**	**2021**	**2020**
Assets					
Non-Current Assets					
Property, plant and equipment	4	7,263,646	7,061,074	7,263,646	7,061,074
Goodwill	6	33,182	33,182	33,182	33,182
Intangible assets	7	181,054	172,202	181,054	172,202
Other financial assets	8	1	1	1	1
Restricted cash	11	224,263	154,302	224,263	154,302
		7,702,146	**7,420,761**	**7,702,146**	**7,420,761**
Current Assets					
Inventories	12	507,908	606,879	507,908	606,879
Trade and other receivables	13	549,392	302,172	549,392	302,172
Current tax receivable		11,215	11,148	11,215	11,148
Cash and cash equivalents	14	768,278	602,142	768,164	602,141
		1,836,793	**1,522,341**	**1,836,679**	**1,522,340**
Total Assets		**9,538,939**	**8,943,102**	**9,538,825**	**8,943,101**
Equity and Liabilities					
Equity					
Share capital	15	1	1	1	1
Reserves		38,935	34,121	38,935	34,121
Retained income		4,124,764	2,879,256	4,124,700	2,879,255
		4,163,700	**2,913,378**	**4,163,636**	**2,913,377**
Liabilities					
Non-Current Liabilities					
Loans from group companies	16	1,898,126	2,427,326	1,898,126	2,427,326
Interest-bearing loans and borrowings	17	88,966	536,766	88,966	536,766
Lease liabilities	5	54,914	7,388	54,914	7,388
Retirement benefit obligation	9	68,861	71,119	68,861	71,119
Deferred tax	10	1,413,009	912,338	1,413,009	912,338
Provisions	18	314,961	272,314	314,961	272,314
Share based payments	19	173,876	132,483	173,876	132,483
		4,012,713	**4,359,734**	**4,012,713**	**4,359,734**
Current Liabilities					
Trade and other payables	20	970,074	1,222,718	970,024	1,222,718
Loans from group companies	16	84	177	84	177
Interest-bearing loans and borrowings	17	355,698	438,158	355,698	438,158
Lease liabilities	5	36,670	8,937	36,670	8,937
		1,362,526	**1,669,990**	**1,362,476**	**1,669,990**
Total Liabilities		**5,375,239**	**6,029,724**	**5,375,189**	**6,029,724**
Total Equity and Liabilities		**9,538,939**	**8,943,102**	**9,538,825**	**8,943,101**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2021**	**2020**	**2021**	**2020**
Revenue	21	5,934,211	4,161,036	5,934,211	4,161,036
Cost of sales		(3,302,730)	(3,049,047)	(3,299,358)	(3,045,622)
Gross profit		**2,631,481**	**1,111,989**	**2,634,853**	**1,115,414**
Other operating income	22	11,413	14,464	11,413	14,464
Other operating gains (losses)	23	383,560	(506,897)	383,560	(506,897)
Selling and distribution expenses		(549,316)	(521,175)	(549,316)	(521,175)
Other operating expenses		(628,403)	(549,217)	(628,465)	(549,217)
Operating profit (loss)	24	**1,848,735**	**(450,836)**	**1,852,045**	**(447,411)**
Finance income	25	88,976	36,587	88,976	36,587
Finance costs	26	(195,292)	(208,623)	(195,292)	(208,623)
Profit (loss) before taxation		**1,742,419**	**(622,872)**	**1,745,729**	**(619,447)**
Taxation	27	(498,482)	173,854	(498,482)	173,854
Profit (loss) for the year		**1,243,937**	**(449,018)**	**1,247,247**	**(445,593)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements gain on net defined benefit liability		8,867	3,801	8,867	3,801
Income tax relating to items that will not be reclassified		(2,483)	(1,064)	(2,483)	(1,064)
Total items that will not be reclassified to profit or loss		**6,384**	**2,737**	**6,384**	**2,737**
Other comprehensive income for the year net of taxation		**6,384**	**2,737**	**6,384**	**2,737**
Total comprehensive income (loss) for the year		**1,250,321**	**(446,281)**	**1,253,631**	**(442,856)**

Black Mountain Mining Proprietary Limited

(Registration number 2005/040096/07)
Financial Statements for the year ended March 31, 2021

Statement of Changes in Equity

Figures in Rand thousand	Share capital *	Merger Reserve	Retirement benefit obligation reserve**	Retained income	Total equity
Group					
Balance at April 1, 2019	**1**	**9,808**	**23,829**	**3,326,021**	**3,359,659**
Loss for the year	-	-	-	(449,018)	(449,018)
Other comprehensive income	-	-	2,737	-	2,737
Total comprehensive Loss for the year	**-**	**-**	**2,737**	**(449,018)**	**(446,281)**
Transfer between reserves	-	(2,253)	-	2,253	-
Balance at April 1, 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 March 31, 2021	**1**	**5,985**	**32,950**	**4,124,764**	**4,163,700**
Note(s)	15				
Company					
Balance at April 1, 2019	**1**	**9,808**	**23,829**	**3,326,021**	**3,359,659**
Loss for the year	-	-	-	(445,593)	(445,593)
Other comprehensive income	-	-	2,737	-	2,737
Total comprehensive Loss for the year	**-**	**-**	**2,737**	**(445,593)**	**(442,856)**
Transfer between reserves	-	(2,253)	-	2,253	-
Dividends	-	-	-	(3,426)	(3,426)
Balance at April 1, 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 March 31, 2021	**1**	**5,985**	**32,950**	**4,124,700**	**4,163,636**
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.

*** On the 15th of April 2020, the directors declared a special dividend payable to the Voorspoed Trust totaling R3 373 125. The dividend was eliminated to Rnil on consolidation of the shareholding held by the Voorspoed Trust. Similar a special dividend payable to the Voorspoed Trust was declared on the 18th April 2019 totaling R3 425 625.

Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	**Note(s)**	**2021**	**2020**	**2021**	**2020**
Cash flows from operating activities					
Cash generated from operations	28	1,696,297	983,289	1,699,557	986,714
Finance income received		76,492	11,991	76,492	11,991
Finance costs paid		(29,051)	(14,930)	(29,051)	(14,930)
Net cash from operating activities		**1,743,738**	**980,350**	**1,746,998**	**983,775**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(684,559)	(1,021,711)	(684,559)	(1,021,711)
Sale of property, plant and equipment	4	179	304	179	304
Purchase of exploration asset	7	(8,852)	(84,997)	(8,852)	(84,997)
Purchase of restricted cash		(60,695)	-	(60,695)	-
Rental Income		3,400	3,765	3,400	3,765
Net cash from investing activities		**(750,527)**	**(1,102,639)**	**(750,527)**	**(1,102,639)**
Cash flows from financing activities					
Proceeds from loans from group companies		50,000	325,000	50,000	325,000
Repayment of loans from group companies		(407,428)	(150,000)	(407,428)	(150,000)
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(383,734)	(104,200)	(383,734)	(104,200)
Payment on lease liabilities		(15,918)	(8,844)	(15,918)	(8,844)
Dividends paid		-	-	(3,373)	(3,426)
Interest paid		(69,995)	(96,227)	(69,995)	(96,227)
Net cash from financing activities		**(827,075)**	**(34,271)**	**(830,448)**	**(37,697)**
Total cash movement for the year		**166,136**	**(156,560)**	**166,023**	**(156,561)**
Cash at the beginning of the year		602,142	758,702	602,141	758,702
Total cash at end of the year	14	**768,278**	**602,142**	**768,164**	**602,141**

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 financial statements are set out below.

1.1 Basis of preparation

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

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

The accounting policies applied comply with Group accounting policies and are consistent with those adopted in the financial statements for the year ended 31 March 2020. 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.

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

Accounting Policies

1.2 Consolidation (continued)

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 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 sucessful in its dispute with SARS, as such no obligation has been calculated in terms of IFRIC 23.

Key sources of estimation uncertainty

Ore resources estimates

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

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

Financial assets at amortised cost

1.4 Financial instruments (continued)

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.

Accounting Policies

1.4 Financial instruments (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.

1.4 Financial instruments (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 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.

1.6 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;

Accounting Policies

1.6 Translation of foreign currencies (continued)

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

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

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

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

1.7 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent, unless restricted from being exchanged or used, to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

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

The Company classifies all other liabilities as non-current.

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

2. Changes in accounting policy

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

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 effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• Amendments to IFRS 3 Definition of a Business	January 1, 2020	The impact of the standard is not material.
• Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	January 1, 2020	The impact of the standard is not material.
• Amendments to IAS 1 and IAS 8 Definition of Material	January 1, 2020	The impact of the standard is not material.
• Conceptual Framework for Financial Reporting	January 1, 2020	The impact of the standard 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 April 1, 2021 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Covid-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact
• Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Classification of Liabilities as Current or Noncurrent - Amendments to IAS 1	01 January 2023	Unlikely there will be a material impact

Notes to the Financial Statements

4. Property, plant and equipment

Group	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	666,341	(165,764)	500,577	651,105	(113,534)	537,571
Plant and machinery	5,041,709	(1,557,678)	3,484,031	4,792,338	(1,214,275)	3,578,063
Mine developement assets	3,565,347	(723,218)	2,842,129	3,057,238	(556,748)	2,500,490
Decommissioning cost	117,478	(88,560)	28,918	100,897	(79,969)	20,928
Capital - Work in progress	407,991	-	407,991	424,022	-	424,022
Total	**9,798,866**	**(2,535,220)**	**7,263,646**	**9,025,600**	**(1,964,526)**	**7,061,074**

Company	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	666,341	(165,764)	500,577	651,105	(113,534)	537,571
Plant and machinery	5,041,709	(1,557,678)	3,484,031	4,792,338	(1,214,275)	3,578,063
Mine development assets	3,565,347	(723,218)	2,842,129	3,057,238	(556,748)	2,500,490
Decommissioning cost	117,478	(88,560)	28,918	100,897	(79,969)	20,928
Capital - Work in progress	407,991	-	407,991	424,022	-	424,022
Total	**9,798,866**	**(2,535,220)**	**7,263,646**	**9,025,600**	**(1,964,526)**	**7,061,074**

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Transfers	Disposals	Depreciation	Re-estimation - non cash flow	Total
Buildings	537,571	-	15,236	-	(52,230)	-	500,577
Plant and machinery	3,578,063	-	268,423	(1,316)	(361,139)	-	3,484,031
Mine development assets	2,500,490	510,346	(2,238)	-	(166,469)	-	2,842,129
Decommissioning cost	20,928	-	-	-	(8,590)	16,580	28,918
Capital - Work in progress	424,022	265,390	(281,421)	-	-	-	407,991
	7,061,074	**775,736**	**-**	**(1,316)**	**(588,428)**	**16,580**	**7,263,646**

Reconciliation of property, plant and equipment - Group - 2020

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

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Transfers	Disposals	Depreciation	Re-estimation - non cash flow	Total
Buildings	537,571	-	15,236	-	(52,230)	-	500,577
Plant and machinery	3,578,063	-	268,423	(1,316)	(361,139)	-	3,484,031
Mine development assets	2,500,490	510,346	(2,238)	-	(166,469)	-	2,842,129
Decommissioning cost	20,928	-	-	-	(8,590)	16,580	28,918
Capital - Work in progress	424,022	265,390	(281,421)	-	-	-	407,991
	7,061,074	**775,736**	**-**	**(1,316)**	**(588,428)**	**16,580**	**7,263,646**

Notes to the Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2020

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

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.

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.

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.

4. Property, plant and equipment (continued)

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.

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.

5. Leases (group as lessee) (continued)

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.

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	2,267	1,687	2,267	1,687
Plant and machinery	75,463	14,054	75,463	14,054
	77,730	**15,741**	**77,730**	**15,741**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

5. Leases (group as lessee) (continued)

Additions to right-of-use assets

Buildings	2,519	3,937	2,519	3,937
Plant and machinery	87,432	19,746	87,432	19,746
	89,951	**23,683**	**89,951**	**23,683**

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	1,939	2,250	1,939	2,250
Plant and machinery	26,023	5,692	26,023	5,692
	27,962	**7,942**	**27,962**	**7,942**

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	39,191	10,255	39,191	10,255
Two to five years	58,730	8,080	58,730	8,080
More than five years	1,784	-	1,784	-
	99,705	18,335	99,705	18,335
Less finance charges component	(8,121)	(2,010)	(8,121)	2,010
	91,584	**16,325**	**91,584**	**20,345**
Non-current liabilities	54,914	7,388	54,914	7,388
Current liabilities	36,670	8,937	36,670	8,937
	91,584	**16,325**	**91,584**	**16,325**

6. Goodwill

Company	2021			2020		
	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.

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

6. Goodwill (continued)

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	2021	2020
• Average foreign Exchange rate (ZAR/USD)	15.73	14.89
• Average zinc price (USD/t)	2,473	2,391
• Average lead price (USD/t)	1,969	2,029
• Average copper price (USD/t)	6,975	6,621
• Average silver price (USD/ounce)	22.18	18.93
• Discount rate	13.26%	14.24%
• Ore Resource (k/t)	7,650	6,459

Gamsberg Project	2021	2020
• Average foreign Exchange rate (ZAR/USD)	17.50	15.98
• Average zinc price (USD/t)	2,558	2,542
• Average lead price (USD/t)	2,115	2,100
• Discount rate	13.26%	14.24%
• Ore Resource (k/t)	53,666	53,602
• Average zinc treatment charges (USD/t)	313	240

At 31 March 2021 and 31 March 2020, 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.

7. Intangible assets

Group	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	181,054	-	181,054	172,202	-	172,202

Company	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration asset	181,054	-	181,054	172,202	-	172,202

Notes to the Financial Statements

7. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2021

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

Reconciliation of intangible assets - Group - 2020

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

Reconciliation of intangible assets - Company - 2021

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

Reconciliation of intangible assets - Company - 2020

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

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 econmic benifits to be realised once a maiden resource has been declared for a specific site, as this shows that the ore is econimically 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.
- General exploration costs - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
- Costs of exploration drilling and equipping exploration and appraisal wells.

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

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

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

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 2021, 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	71,119	68,769	71,119	68,769
Benefits paid	(2,436)	(2,340)	(2,436)	(2,340)
Net expense recognised in profit or loss	178	4,690	178	4,690
	68,861	**71,119**	**68,861**	**71,119**

Net expense recognised in profit or loss

Current service cost	1,504	1,464	1,504	1,464
Interest cost	7,541	7,027	7,541	7,027
Actuarial loss	(8,867)	(3,801)	(8,867)	(3,801)
	178	**4,690**	**178**	**4,690**

Key assumptions used

Assumptions used on last valuation on Wednesday, March 31, 2021.

Discount rates used	13.80 %	10.80 %	13.80 %	10.80 %
Expected rate of return on assets	9.00 %	6.70 %	9.00 %	6.70 %
Expected rate of return on reimbursement rights	11.00 %	8.70 %	11.00 %	8.70 %

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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

9. Retirement benefits (continued)

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

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

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

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)	10	10	8
Increase / (decrease) in service cost plus interest cost	(1)	1	1	(1)

10. Deferred tax

Deferred tax liability

Property plant and equipment	(1,682,948)	(1,224,891)	(1,682,948)	(1,224,891)
Actuarial gain on post-retirement medical arrangements	(12,814)	(10,331)	(12,814)	(10,331)
Other timing differences	(33,941)	(12,451)	(33,941)	(12,451)
Total deferred tax liability	**(1,729,703)**	**(1,247,673)**	**(1,729,703)**	**(1,247,673)**

Deferred tax asset

Amounts received in advance	41,518	111,055	41,518	111,055
Provisions	145,064	84,217	145,064	84,217
Share based payments	48,685	37,095	48,685	37,095
Deferred tax balance from temporary differences other than unused tax losses	235,267	232,367	235,267	232,367
Tax losses available for set off against future taxable income	81,427	102,968	81,427	102,968
	316,694	335,335	316,694	335,335
Total deferred tax asset	**316,694**	**335,335**	**316,694**	**335,335**

The deferred tax assets and the deferred tax liability relate to income tax in the same juristiction 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	(1,729,703)	(1,247,673)	(1,729,703)	(1,247,673)
Deferred tax asset	316,694	335,335	316,694	335,335
Total net deferred tax liability	**(1,413,009)**	**(912,338)**	**(1,413,009)**	**(912,338)**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(912,338)	(1,085,677)	(912,338)	(1,085,677)
Charged to profit or loss	(498,188)	174,403	(498,188)	174,403
Debited to equity	(2,483)	(1,064)	(2,483)	(1,064)
	(1,413,009)	**(912,338)**	**(1,413,009)**	**(912,338)**

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.

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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

11. Restricted cash

Opening balance	154,303	142,473	154,303	142,473
Contributions made during the year	60,695	-	60,695	-
Interest earned during the year	9,265	11,830	9,265	11,830
	224,263	**154,303**	**224,263**	**154,303**

Restricted cash is split as follows:				
The Black Mountain Mining Rehabilitation Trust	163,128	154,303	163,128	154,303
Other funds held for rehabilitation	48,901	-	48,901	-
The Gamsberg Nature Reserve Trust	12,234	-	12,234	-
	224,263	**154,303**	**224,263**	**154,303**

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	26,302	93,760	26,302
Cenviro	283,930	-	283,930	-
	377,690	**26,302**	**377,690**	**26,302**

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.

12. Inventories

Ore stockpiles	266,398	374,586	266,398	374,586
Metal in concentrate	32,986	20,648	32,986	20,648
Consumables	222,761	224,655	222,761	224,655
	522,145	619,889	522,145	619,889
Inventories (write-downs)	(14,237)	(13,010)	(14,237)	(13,010)
	507,908	**606,879**	**507,908**	**606,879**

Inventory write down provision				
Opening balance	13,010	10,055	13,010	10,055
Increase/(Decrease)	1,227	2,955	1,227	2,955
	14,237	**13,010**	**14,237**	**13,010**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

12. Inventories (continued)

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 2020: 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	46,915	30,902	46,915	30,902
Trade receivables (subject to provisional pricing) - fair value	58,760	25,801	58,760	25,801
Amounts owed by fellow subsidiaries	2,762	7,836	2,762	7,836
Other debtors	43,481	35,975	43,481	35,975
Provision for expected credit losses	(18,209)	(9,122)	(18,209)	(9,122)
Trade receivables	133,709	91,392	133,709	91,392
Non-financial instruments:				
VAT receivable	93,748	104,357	93,748	104,357
Prepayments	321,935	106,424	321,935	106,424
Total trade and other receivables	**549,392**	**302,173**	**549,392**	**302,173**

Categorisation of trade and other receivables

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

At amortised cost	74,949	65,590	74,949	65,590
At fair value through profit or loss	58,760	25,801	58,760	25,801
Non-financial instruments	415,683	210,781	415,683	210,781
	549,392	**302,172**	**549,392**	**302,172**

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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2021	2020	2021	2020

13. Trade and other receivables (continued)

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 2021, the trade receivables balance made up only nine customers (2020: five customers). There were no customers (2020: 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 2021 (2020: nil). The only expected credit loss relates to other receivables with respect to rental income received on a building on site leased to a number of store owners.

With respect to credit risk arising from the other financial assets of the 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.

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 2021 and 2020 is the carrying amounts as per the statement of financial position.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

13. Trade and other receivables (continued)

Expected credit loss rate:	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)
Not past due: 0% (2020: 0%)	54,826	-	56,703	-
Less than 30 days past due: 0% (2020: 0%)	13,261	-	-	-
31 - 60 days past due: 0% (2020: 0%)	29,534	-	-	-
61 - 90 days past due: 0% (2020: 0%)	8,054	-	-	-
Total	**105,675**	**-**	**56,703**	**-**

A provision for expected credit losses has been raised in respect of other debtors.

Movement in provision for expected credit losses				
Opening balance	9,122	220	9,122	220
Increase/(decrease)	9,086	8,902	9,086	8,902
	18,208	**9,122**	**18,208**	**9,122**

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:

Cash on hand	-	9	-	9
Bank balances	569,455	185,216	569,341	185,215
Short-term deposits	198,823	416,917	198,823	416,917
	768,278	**602,142**	**768,164**	**602,141**

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.

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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

15. Share capital

Authorised				
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	1,023,202	1,521,014	1,023,202	1,521,014

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.

Fellow subsidiaries

Namzinc Proprietary Limited	875,008	906,489	875,008	906,489

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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

16. Loans from group companies (continued)

Reconciliation of loans from group companies

Balance at 1 April	2,427,503	1,898,829	2,427,503	1,898,829
Drawdowns	50,000	325,000	50,000	325,000
Interest accrude	117,599	125,963	117,599	125,963
Interest paid	(44,160)	(62,594)	(44,160)	(62,594)
Foreign exchange (gains)/losses	(245,304)	290,305	(245,304)	290,305
Repayments	(407,428)	(150,000)	(407,428)	(150,000)
	1,898,210	**2,427,503**	**1,898,210**	**2,427,503**

Split between non-current and current portions

Non-current liabilities	1,898,126	2,427,326	1,898,126	2,427,326
Current liabilities	84	177	84	177
	1,898,210	**2,427,503**	**1,898,210**	**2,427,503**

Fair value of group loans payable

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

17. Interest-bearing loans and borrowings

Held at amortised cost

ICICI Loan	222,332	487,462	222,332	487,462
RMB Loan	222,332	487,462	222,332	487,462

Reconciliation of interest-bearing loans and borrowings

Balance at 1 April	974,924	876,293	974,924	876,293
Drawdowns	-	-	-	-
Interest accrude	15,035	33,956	15,035	33,956
Interest paid	(25,835)	(33,633)	(25,835)	(33,633)
Foreign exchange (gains)/losses	(135,726)	202,508	(135,726)	202,508
Repayments	(383,734)	(104,200)	(383,734)	(104,200)
	444,664	**974,924**	**444,664**	**974,924**

Split between non-current and current portions

Non-current liabilities	88,966	536,766	88,966	536,766
Current liabilities	355,698	438,158	355,698	438,158
	444,664	**974,924**	**444,664**	**974,924**

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.

Figures in Rand thousand

17. Interest-bearing loans and borrowings (continued)

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 - 2021

	Opening balance	Re-estimation	Unwinding in discount factor	Total
Environmental rehabilitation	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 - Group - 2020

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

Reconciliation of provisions - Company - 2021

	Opening balance	Re-estimation	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 - 2020

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

18. Provisions (continued)

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. These amounts are calculated by considering discount rates within the range of 2% to 12%, and become payable on closure of mines and are expected to be incurred within the next 13 years. The discount rates at major units are in the range of 2% to 12%.

The 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.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site preparation work. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The estimates are compiled separately for the Deeps & Swartberg operations and for the Gamsberg operations. The current estimate was discounted at a real discount rate of 5.03% (2020: 5.97%) for Deeps & Swartberg operations and 3.02% (2020: 2.76%) for Gamsberg. These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be March 2024 for the Deeps & Swartberg operations and June 2032 for the Gamsberg operations.

19. Share based payments

BMM cash settled scheme	169,603	122,131	169,603	122,131
Vedanta cash settled scheme	4,272	10,352	4,272	10,352
	173,875	**132,483**	**173,875**	**132,483**

19. Share based payments (continued)

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 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 2021:

- Dividend yield: 0
- Expected volatility: 35%
- Risk–free interest rate: 4.94%
- Time to expiry: 3 years
- Option value: A shares R42.36, B shares R40.93
- 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.

Share-based payments obligations - accounting policy

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

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

20. Trade and other payables

Financial instruments:				
Trade payables	288,092	285,391	288,092	285,391
Amount owed to group companies	38,189	19,599	38,189	19,599
Accruals	335,913	375,432	335,863	375,432
Other creditors	118,287	96,626	118,287	96,626
Contract liabilities *	54,664	35,640	54,664	35,640
	835,145	**812,688**	**835,095**	**812,688**
Non-financial instruments:				
PAYE	(12,113)	13,497	(12,113)	13,497
Amounts received in advance	147,457	396,626	147,457	396,626
Royalty	(415)	(93)	(415)	(93)
	134,929	**410,030**	**134,929**	**410,030**
	970,074	**1,222,718**	**970,024**	**1,222,718**

* 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	5,405,899	3,670,276	5,405,899	3,670,276
Rendering of services	528,312	490,760	528,312	490,760
	5,934,211	**4,161,036**	**5,934,211**	**4,161,036**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

21. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Zinc	4,100,959	2,212,101	4,100,959	2,212,101
Lead	623,285	962,129	623,285	962,129
Copper	433,999	241,881	433,999	241,881
Silver	247,656	254,165	247,656	254,165
	5,405,899	**3,670,276**	**5,405,899**	**3,670,276**
Rendering of services				
Freight/Shipping service	528,312	490,760	528,312	490,760
Total revenue from contracts with customers	**5,934,211**	**4,161,036**	**5,934,211**	**4,161,036**

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.

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

21. Revenue (continued)

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

Freight/Shipping services	26,630	13,576	26,630	13,576

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.

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.

		Group		Company	
Figures in Rand thousand		**2021**	**2020**	**2021**	**2020**

21. Revenue (continued)

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).
- 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	3,400	3,765	3,400	3,765
Other income	8,013	10,699	8,013	10,699
	11,413	**14,464**	**11,413**	**14,464**

23. Other operating gains (losses)

Losses on disposals, scrappings and settlements					
Property, plant and equipment	4	(1,137)	(7,673)	(1,137)	(7,673)
Foreign exchange gains (losses)					
Net foreign exchange gains (losses)		384,697	(499,224)	384,697	(499,224)
Total other operating gains (losses)		**383,560**	**(506,897)**	**383,560**	**(506,897)**

24. Operating profit (loss)

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

Audit fees - external	6,165	2,856	6,115	2,856
Audit fees - internal	3,031	2,938	3,031	2,938

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

24. Operating profit (loss) (continued)

Expenses by nature

Changes in inventories of finished goods and work in progress	(388,479)	(817,902)	(388,479)	(817,902)
Employee costs	651,799	624,733	648,427	621,309
Operating lease charges	10,209	3,487	10,209	3,487
Depreciation, amortisation and impairment	588,428	697,301	588,428	697,301
Royalty	78,467	11,452	78,467	11,452
Share based payment expense	41,990	58,408	41,990	58,408

25. Finance income

Bank and other cash	76,492	11,991	76,492	11,991
Interest on environmental rehabilitation trust	9,265	11,830	9,265	11,830
Foreign exchange gains on balances held in foreign currencies	3,219	12,766	3,219	12,766
Total interest income	**88,976**	**36,587**	**88,976**	**36,587**

26. Finance costs

Interest on group loans and borrowings	117,599	125,942	117,599	125,942
Interest on long term interest bearing borrowings	15,036	33,956	15,036	33,956
Interest on advances from customers	13,587	-	13,587	-
Unwinding of discount on provisions and other liabilities	26,065	26,768	26,065	26,768
Interest on post-employment benefit arrangements	7,541	7,027	7,541	7,027
Other interest	15,464	14,930	15,464	14,930
Total finance costs	**195,292**	**208,623**	**195,292**	**208,623**

27. Taxation

Major components of the tax expense (income)

Current				
Local income tax - recognised in current tax for prior periods	-	550	-	550
Deferred				
Originating and reversing temporary differences	498,482	(174,404)	498,482	(174,404)
	498,482	**(173,854)**	**498,482**	**(173,854)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate.

Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %
Disallowable charges	0.61 %	(0.45)%	0.61 %	(0.45)%
Other	- %	(0.07)%	- %	(0.07)%
	28.61 %	**27.48 %**	**28.61 %**	**27.48 %**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

27. Taxation (continued)

Income tax expense - accounting policy

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

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

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

28. Cash generated from operations

Profit (loss) before taxation	1,742,419	(622,872)	1,745,729	(619,447)
Adjustments for:				
Depreciation and amortisation	588,428	697,301	588,428	697,301
Losses on disposals, scrappings and settlements of assets and liabilities	1,137	7,673	1,137	7,673
Unrealised (gains) / losses on foreign exchange	(378,173)	505,601	(378,173)	505,601
Finance income	(88,976)	(36,587)	(88,976)	(36,587)
Finance costs	195,292	208,623	195,292	208,623
Movements in retirement benefit assets and liabilities	(2,258)	2,350	(2,258)	2,350
Movements in share based payment liability	41,393	50,489	41,393	50,489
Interest on post-employment benefit arrangements	(7,541)	(7,027)	(7,541)	(7,027)
Actuarial gain/(loss)	8,867	3,801	8,867	3,801
Rental Income	(3,400)	(3,765)	(3,400)	(3,765)
Changes in working capital:				
Inventories	98,973	(354,181)	98,973	(354,181)
Trade and other receivables	(247,220)	161,774	(247,220)	161,774
Trade and other payables	(252,644)	370,109	(252,694)	370,109

29. Tax refunded

Balance at beginning of the year	11,148	11,698	11,148	11,698
Current tax for the year recognised in profit or loss	67	(550)	67	(550)
Balance at end of the year	(11,215)	(11,148)	(11,215)	(11,148)
	-	-	-	-

30. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	11,326	8,140	11,326	8,140

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

Operating leases – as lessee (expense)

Minimum lease payments due				
- within one year	-	3,110	-	3,110
- in second to fifth year inclusive	-	288	-	288
	-	**3,398**	**-**	**3,398**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

31. Related parties

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

Related party balances

	Group 2021	Group 2020	Company 2021	Company 2020
Loan accounts - Owing (to) by related parties				
Namzinc (Proprietary) Limited	(875,008)	(906,489)	(875,008)	(906,489)
THL Zinc BV	(1,023,202)	(1,521,014)	(1,023,202)	(1,521,014)
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Vedanta Resources Limited	(33,094)	(19,472)	(33,094)	(19,472)
Vedanta Limited	(3,993)	(2,045)	(3,993)	(2,045)
Hindustan Zinc Limited	(682)	-	(682)	-
Namzinc (Proprietary) Limited	(682)	-	(682)	-
Lisheen Mine Partnership	-	(105)	-	(105)
Namzinc (Proprietary) Limited	3,137	8,586	2,640	8,586
CMTPL	-	54	-	54
Vedanta Limited	791	805	791	805

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 2021	Group 2020	Company 2021	Company 2020
Administration fees paid to (received from) related parties				
Namzinc (Proprietary) Limited	(14,548)	(50,828)	(14,548)	(50,828)
Share based expenses paid				
Vedanta Limited	2,043	835	2,043	835
Gaurantee commission paid				
Vedanta Limited	2,103	3,167	2,103	3,167
Brand fee				
Vedanta Resources Limited	89,013	62,416	89,013	62,416

Notes to the Financial Statements

32. Directors' and prescribed officer's emoluments

Executive

2021

	Salary	Allowances	Pension paid or receivable	Bonus	Leave liability	Total
[redacted]	3,378	518	-	558	-	4,454
[redacted]	2,930	258	247	2,654	-	6,089
[redacted]	1,154	48	203	-	1,194	2,599
	7,462	**824**	**450**	**3,212**	**1,194**	**13,142**

2020

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

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

Non-executive

2021

	Directors' fees	Total
[redacted]	1,500	1,500

Prescribed officers and senior management

2021

	Salary	Allowances	Pension paid or receivable	Bonus	Total
[redacted]	2,091	1,003	-	-	3,094
Senior management	45,031	7,781	3,841	7,655	64,308
	47,122	**8,784**	**3,841**	**7,655**	**67,402**

2020

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

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	1	-	1	1
Restricted cash	11	-	224,263	224,263	224,263
Trade and other receivables	13	58,760	74,949	133,709	133,709
Cash and cash equivalents	14	-	768,278	768,278	768,278
		58,761	**1,067,490**	**1,126,251**	**1,126,251**

Group - 2020

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	1	-	1	1
Restricted cash		-	154,302	154,302	154,302
Trade and other receivables	13	25,801	65,590	91,391	91,391
Cash and cash equivalents	14	-	602,142	602,142	602,142
		25,802	**822,034**	**847,836**	**847,836**

Company - 2021

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	1	-	1	1
Restricted cash		-	224,263	224,263	224,263
Trade and other receivables	13	58,760	74,949	133,709	133,709
Cash and cash equivalents	14	-	768,164	768,164	768,164
		58,761	**1,067,376**	**1,126,137**	**1,126,137**

Company - 2020

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	1	-	1	1
Restricted cash		-	154,302	154,302	154,302
Trade and other receivables	13	25,801	65,590	91,391	91,391
Cash and cash equivalents	14	-	602,141	602,141	602,141
		25,802	**822,033**	**847,835**	**847,835**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2021	2020	2021	2020

33. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost	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		91,584	91,584	91,584
		3,269,603	**3,269,603**	**3,269,603**

Group - 2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	812,688	812,688	812,688
Loans from group companies	16	2,427,503	2,427,503	2,427,503
Borrowings	17	974,924	974,924	974,924
Finance lease obligations		16,325	16,325	16,325
		4,231,440	**4,231,440**	**4,231,440**

Company - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	835,095	835,095	835,295
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		91,584	91,584	91,584
		3,269,553	**3,269,553**	**3,269,753**

Company - 2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	812,688	812,688	812,688
Loans from group companies	16	2,427,503	2,427,503	2,427,503
Interest bearing loans and borrowings	17	974,924	974,924	974,924
Finance lease obligations		16,325	16,325	16,325
		4,231,440	**4,231,440**	**4,231,440**

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.

Notes to the Financial Statements

		Group		Company	
Figures in Rand thousand		**2021**	**2020**	**2021**	**2020**

33. Financial instruments and risk management (continued)

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:

Loans from group companies	16	1,898,210	2,427,503	1,898,210	2,427,503
Borrowings	17	444,664	974,924	444,664	974,924
Lease liabilities		91,584	16,325	91,584	16,325
Trade and other payables	20	970,074	1,222,718	970,024	1,222,718
Total borrowings		**3,404,532**	**4,641,470**	**3,404,482**	**4,641,470**
Cash and cash equivalents	14	(768,278)	(602,142)	(768,164)	(602,141)
Net borrowings		**2,636,254**	**4,039,328**	**2,636,318**	**4,039,329**
Equity		4,163,700	2,913,378	4,163,636	2,913,377
Gearing ratio		63 %	139 %	63 %	139 %

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.

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.

Notes to the Financial Statements

33. Financial instruments and risk management (continued)

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

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		-	36,497	24,320	1,186	62,003	54,914
		-	**2,023,589**	**24,320**	**1,186**	**2,049,095**	**2,042,006**
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		39,191	-	-	-	39,191	36,670
		1,365,047	**-**	**-**	**-**	**1,365,047**	**1,362,526**
		1,365,047	**2,023,589**	**24,320**	**1,186**	**3,414,142**	**3,404,532**

Group - 2020

		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	-	-	2,427,326	-	2,427,326	2,427,326
Borrowings	17	-	429,413	107,353	-	536,766	536,766
Finance lease liabilities		-	5,475	2,605	-	8,080	7,388
		-	**434,888**	**2,537,284**	**-**	**2,972,172**	**2,971,480**
Current liabilities							
Trade and other payables		826,185	-	-	-	826,185	826,185
Loans from group companies	16	177	-	-	-	177	177
Borrowings	17	438,158	-	-	-	438,158	438,158
Finance lease liabilities		10,255	-	-	-	10,255	8,937
		1,274,775	**-**	**-**	**-**	**1,274,775**	**1,273,457**
		1,274,775	**434,888**	**2,537,284**	**-**	**4,246,947**	**4,244,937**

Notes to the 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
Interest bearing loans and borrowings	17	-	88,966	-	-	88,966	88,966
Finance lease liabilities		-	36,497	24,320	1,186	62,003	54,914
		-	**2,023,589**	**24,320**	**1,186**	**2,049,095**	**2,042,006**
Current liabilities							
Trade and other payables		970,024	-	-	-	970,024	970,024
Loans from group companies	16	84	-	-	-	84	84
Interest bearing loans and borrowings	17	355,698	-	-	-	355,698	355,698
Finance lease liabilities		39,191	-	-	-	39,191	36,670
		1,364,997	**-**	**-**	**-**	**1,364,997**	**1,362,476**

Company - 2020

		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	-	-	2,427,326	-	2,427,326	2,427,326
Interest bearing loans and borrowings	17	-	429,413	107,353	-	536,766	536,766
Finance lease liabilities		-	4,784	2,605	-	7,389	7,388
		-	**434,197**	**2,537,284**	**-**	**2,971,481**	**2,971,480**
Current liabilities							
Trade and other payables	20	826,185	-	-	-	826,185	826,185
Loans from group companies	16	177	-	-	-	177	177
Interest bearing loans and borrowings	17	438,158	-	-	-	438,158	438,158
Finance lease liabilities		8,937	-	-	-	8,937	8,937
		1,273,457	**-**	**-**	**-**	**1,273,457**	**1,273,457**

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.

		Group		Company	
Figures in Rand thousand		**2021**	**2020**	**2021**	**2020**

33. Financial instruments and risk management (continued)

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% (2020: 70%) of interest bearing borrowings are denominated in USD.

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

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	105,299	135,985	105,299	135,985
Cash and cash equivalents	14	218,187	392,609	218,187	392,609
Non-current liabilities:					
Interest bearing loans and borrowings	17	(88,966)	(536,766)	(88,967)	(536,766)
Loans from group companies	16	(1,023,118)	(1,520,837)	(1,023,118)	(1,520,837)
Current liabilities:					
Trade and other payables	20	(199,851)	(418,221)	(199,851)	(418,221)
Interest bearing loans and borrowings	17	(355,698)	(438,158)	(355,698)	(438,158)
Loans from group companies	16	(84)	(177)	(84)	(177)
Net US Dollar exposure		**(1,344,231)**	**(2,385,565)**	**(1,344,232)**	**(2,385,565)**
Indian Rupees exposure:					
Current liabilities:					
Trade and other payables	20	(5,095)	(2,150)	(5,095)	(2,150)
Net exposure to foreign currency in Rand		**(1,349,326)**	**(2,387,715)**	**(1,349,327)**	**(2,387,715)**

Figures in Rand thousand		Group 2021	Group 2020	Company 2021	Company 2020

33. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

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

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Current assets:					
Trade and other receivables	13	7,101	7,600	7,101	7,600
Cash and cash equivalents	14	14,715	21,943	14,715	21,943
Non-current liabilities:					
Interest bearing loans and borrowings	17	(6,000)	(300,000)	(6,000)	(300,000)
Loans from group companies	16	(69,000)	(85,000)	(69,000)	(85,000)
Current liabilities:					
Trade and other payables	20	(13,478)	(23,375)	(13,478)	(23,375)
Interest bearing loans and borrowings	14	(23,991)	(24,489)	(23,991)	(24,489)
Loans from group companies	17	(6)	(10)	(6)	(10)
Net US Dollar exposure		**(90,659)**	**(403,331)**	**(90,659)**	**(403,331)**
Indian Rupees exposure:					
Current liabilities:					
Trade and other payables	20	(58,524)	(8,990)	(58,524)	(8,990)

Exchange rates

The following closing exchange rates were applied at reporting date:

	Group 2021	Group 2020	Company 2021	Company 2020
Rand per unit of foreign currency:				
US Dollar	14.828	17.892	14.828	17.892
Rupees	0.202	0.239	0.202	0.239

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	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Increase/(decrease) on profit:				
US Dollar 10% (2020: 10 %)	(134,423)	134,423	(196,031)	196,031
INR 10% (2020: 10 %)	(509)	509	(215)	215
	(134,932)	**134,932**	**(196,246)**	**196,246**

Notes to the Financial Statements

33. Financial instruments and risk management (continued)

Company	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
US Dollar 10% (2020: 10 %)	(134,423)	134,423	(196,031)	196,031
INR 10% (2020: 10 %)	(509)	509	(215)	215
	(134,932)	**134,932**	**(196,246)**	**196,246**

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	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Increase/(decrease) on profit:				
10% (2020:10 %)	(16,624)	16,624	(20,818)	20,818

Company	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Increase/(decrease) on profit:				
10% (2020:10 %)	(16,624)	16,624	(20,818)	20,818

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.

Notes to the Financial Statements

33. Financial instruments and risk management (continued)

Group	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Increase/(decrease) on profit:				
LME 10% (2020: 10 %)	95,616	(95,616)	3,991	(3,991)
Treatment costs 10% (2020: 10 %)	(12,903)	12,903	(1,245)	1,245
	82,713	**(82,713)**	**2,746**	**(2,746)**

Company	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Increase/(decrease) on profit:				
LME 10% (2020: 10 %)	95,616	(95,616)	3,991	(3,991)
Treatment costs 10% (2020: 10 %)	(12,903)	12,903	(1,245)	1,245
	82,713	**(82,713)**	**2,746**	**(2,746)**

34. Fair value information

Fair value hierarchy

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the 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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	**2021**	**2020**	**2021**	**2020**

34. Fair value information (continued)

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets

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	58,760	25,801	58,760	25,801
Total	**58,761**	**25,802**	**58,761**	**25,802**

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

34. Fair value information (continued)

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. 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.