



An aerial photograph of a mining site, showing deep tracks from heavy machinery and a yellow vehicle. The image is overlaid with several large, semi-transparent dark blue circles. The year '2007' is prominently displayed in orange within one of these circles.

AEMFC became a stand-alone subsidiary through an amendment to the Central Energy Fund ("CEF") share certificate (No.76) and Memorandum of Association was made to reflect the issuance of 2000 shares to CEF, at R2.00 per share for a total issued share capital of R4000.

The CEF and DMRE approved the acquisition of AEMFC from Klippoortjie Koolmyne, the then subsidiary of the Strategic Fuel Fund Association (SFF), turning the company into a 100% owned subsidiary of CEF, to carry out the mandate.

2007

1944

AEMFC incorporated during October 1944 as a private limited liability company in terms of the Companies Act 26 of 1926. The company was incorporated with an authorized share capital of 2000 Pounds, divided into 2000 shares with a par value of 1 Pound each, and an initial issued share capital of two shares, with each of the two initial shareholders subscribing for one share each.

2011

Open-cast operations commenced at Vlakfontein - Ogies, Mpumalanga Province (120 kilometres East of Gauteng).



Invested in another open cast coal mines on a minority basis, 26% in Mzimkhulu Mining.

2018

Vlakfontein mine first full operational year, started to supply Kendal and Kusile Eskom power stations, each approx. 19 kms from the mine.

2012

2021

AEMFC sold its minority share in Mzimkhulu Mining to the majority shareholders

2017

Invested in an open cast coal mines on a minority basis at 40% in African Royalty Minerals (trading as Chilwavirusiku).

CONTENTS





STRATEGY & **BUSINESS DEVELOPMENT**

REPORTING **SCOPE**



This report presents AEMFC's strategic framework for creating value over the short, medium and long term, It provides a view of how the Company's performance and governance over the past year are delivering on this strategy and includes a reflection on how AEMFC has created, preserved and eroded value over time.

MATRERIALITY **FRAMEWORK**



Material matters are those financial and non-financial factors, which, when considered from a strategic, governance, and operational perspective, can substantively affect AEMFC's ability to create value over the short, medium and long term. In line with the principles of materiality, the material matters covered in this report were identified through a structured and rigorous process involving the Executive Team and senior managers. AEMFC's materiality review included a detailed consideration of our business model, the most significant impacts of our activities on the six capitals across our value chain, the risks and opportunities in our operating environment that have the greatest impact on AEMFC's value creation potential, the material interests of our stakeholders, and the implications of our business strategy. Informed by the materiality analysis, AEMFC prioritised these matters based on their relative importance. The results of this materiality process inform our annual reports.



DIRECTORS' DECLARATION



The AEMFC board of directors has the accountability for the integrity and accuracy of this integrated annual report. The board believes this report has been prepared in accordance with the Integrated Reporting Framework. Based on the recommendations of the Board Audit and Risk Committee and Remuneration, Social, Ethics and Nomination Committee, the board has reviewed the report and confirms it addresses

the most material issues currently facing AEMFC and presents a balanced, accurate and representative view of the company and its strategy, performance in the past financial year, and future ability to create and preserve value. The remuneration report was reviewed and approved by the remuneration committee.

The board approved this report on [DATE].

Bernardus Swanepoel
Chairperson

Lemogang Pitsoe
Chief Executive Officer

Siphamandla Mthethwa
Chief Financial Officer

Dudu Hlatshwayo
Chairperson: Remuneration, Social,
Ethics and Nomination Committee

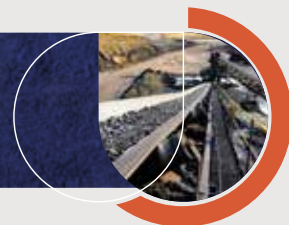
Mzwandile Masondo
Chairperson: Health, Safety and
Environment Committee

Phuthanang Motsielwa
Chairperson: Board Audit and Risk
Committee

Janey Snyman
Independent Non-Executive Director

Kevin Hodges
Chairperson: Board Investment
Committee

OUR PURPOSE, MANDATE AND VISION



VALUE STATEMENT

AEMFC's operations are based on processes and norms that ensure that our exploration and production is based on safe principles that show respect for human life and exercise overall fair labour practices.

We apply utmost respect and integrity in our dealings with all our stakeholders and each other as employees whilst ensuring that we deliver quality products and services in the most innovative and ethical way.

Our drive is anchored by the commitment to the belief that we are:

“DOING WHAT WE SAID WE WOULD DO”



MANDATE

African Exploration Mining and Finance Corporation (to) acquire and hold all exploration and mineral rights in respect of all energy related and other minerals on behalf of the State and engage in the mining thereof. The company shall whenever deemed expedient and as far as practicable, collaborate with BEE companies and other State Owned Enterprises in executing its business mandate.



VISION

To be one of the leading self-sustainable suppliers of current and future energy and including beneficiable mineral resources in South Africa in order to secure the security of strategic minerals supply for the country's benefit and future development



MISSION

The optimal exploration, acquisition and mining of strategic resources for the sustainability of the company, without compromising on quality and safety. AEMFC aims to do this whilst preserving the environment and enhancing customer and other keyholder satisfaction.



INSTITUTIONAL VALUES

Incorporating these institutional values emphasizes AEMFC's commitment to comprehensive stakeholder engagement, responsible mining practices and a sustainable future. Each value not only reflects AEMFC's vision and mission but also helps establish its reputation as a leader in the mining industry.



- **SAFETY FIRST**

Prioritising the health and safety of employees, contractors and communities. Aiming for zero incidents and accidents while fostering a workplace where safety is a shared responsibility among all stakeholders.

- **COMMITMENT**

A steadfast dedication to operational excellence, sustainable practices and community development to foster enhanced trust and loyalty among stakeholders, contributing to the long-term success and sustainability of AEMFC.

- **INTEGRITY**

Conducting business with transparency, honesty and accountability to build a reputation for reliability and trustworthiness, which strengthens stakeholder relationships and encourages ethical conduct through the organisation.

- **ETHICS**

Upholding the highest ethical standards in all operations and interactions to cultivate a corporate culture that prioritizes ethical considerations, leading to sound decision-making and enhanced corporate reputation.

- **FAIR LABOUR PRACTICES**

Ensuring fair treatment and respect for all employees and contractors for a motivated workforce that feels valued and committed to the organisation, leading to increased productivity and lower turnover rates.

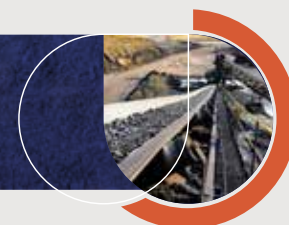
- **QUALITY**

Delivering mineral products that meet or exceed the mining industry standards for enhanced customer satisfaction and loyalty, resulting in a strong competitive advantage in the market.

- **INNOVATION**

Embracing new technologies and practices to drive operational efficiency, sustainability, reduce environmental impact and the ability to adapt to changing market conditions ultimately leading to sustainable growth.

STRATEGIC GOALS



THE FIVE STRATEGIC GOALS OF AEMFC

1. AN EFFICIENT, RELIABLE, AND FINANCIALLY SUSTAINABLE BUSINESS

IMPLEMENT BUSINESS IMPROVEMENT INITIATIVES.

BALANCE MINING PRODUCTION OUTPUT WITH THE HUMAN AND FINANCIAL RESOURCES.

2. STRATEGIC GROWTH THROUGH PARTNERSHIP

COLLABORATING IN ORGEM AND PAMDC PARTNERSHIP AGREEMENT.

EXPLORE POSSIBLE JOINT VENTURES FOR DIAMOND, PHOSPHATE, LITHIUM, COAL ETC.

3. OPERATIONAL EXCELLENCE

CREATING A BUSINESS CULTURE OF EXCELLENCE THROUGH EFFICIENT BUSINESS OPERATIONAL MODEL AND ENTERPRISE-WIDE PERFORMANCE MANAGEMENT.

4. A RESPONSIBLE CORPORATE CITIZEN

COMPLIANCE TO MINING CHARTER AND ITS REQUIREMENTS.

5. HUMAN CAPITAL VALUE CHAIN

DEVELOP HIGH-PERFORMANCE HR STRATEGY, INCLUSIVE OF AN EMPLOYEE VALUE PROPOSITION.

OUR **BUSINESS MODEL**

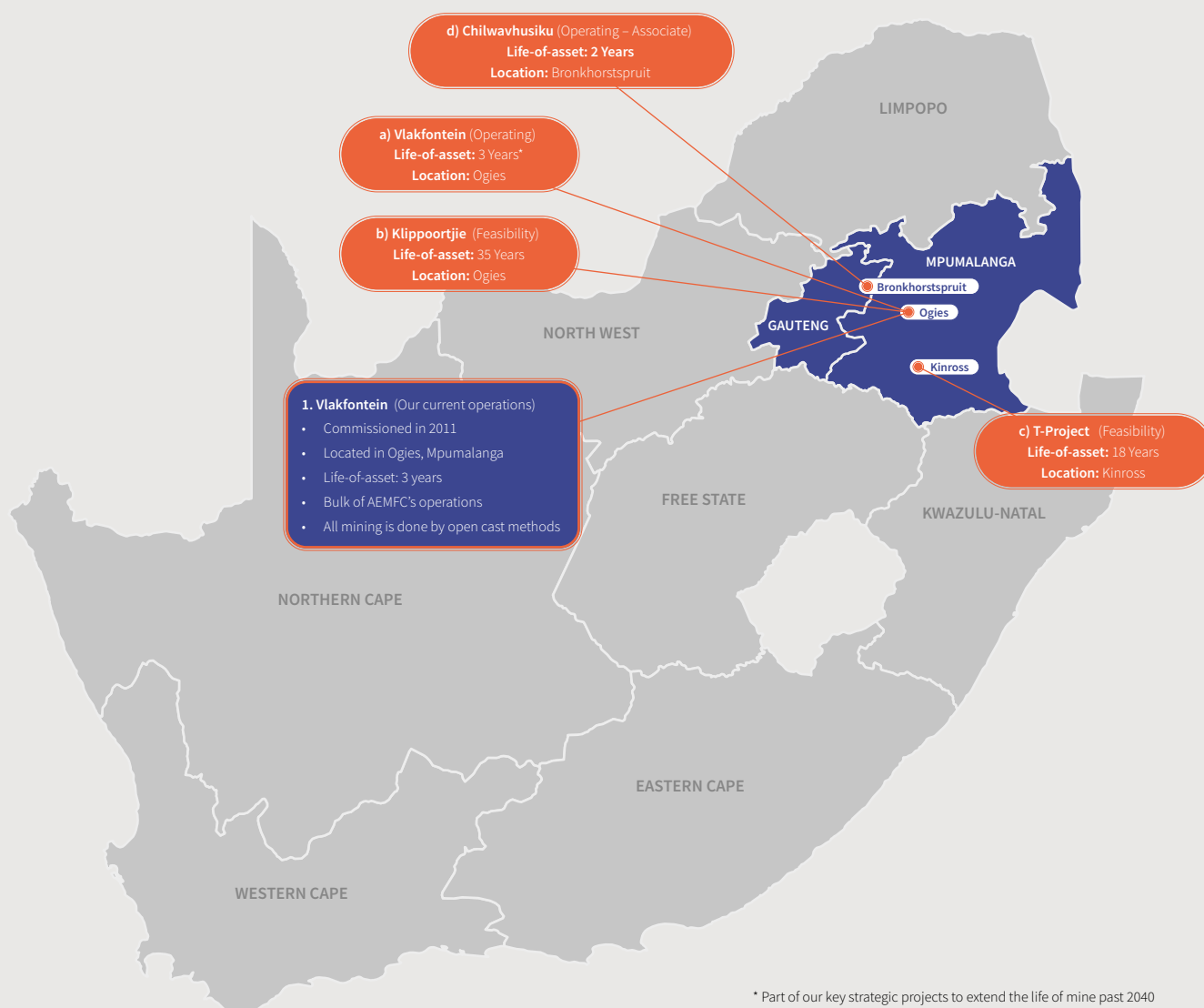


The development of a fit-for-purpose business operating model has been identified as a key intervention for the turnaround and long-term sustainability of AEMFC.

Key supplier to Eskom power stations of coal. (Look at the mandate).

WHERE WE OPERATE

OUR MINES, PROJECTS (FEASIBILITY & EXPLORATION) AND INVESTMENTS



* Part of our key strategic projects to extend the life of mine past 2040

2024 PERFORMANCE AT VLAKFONTEIN

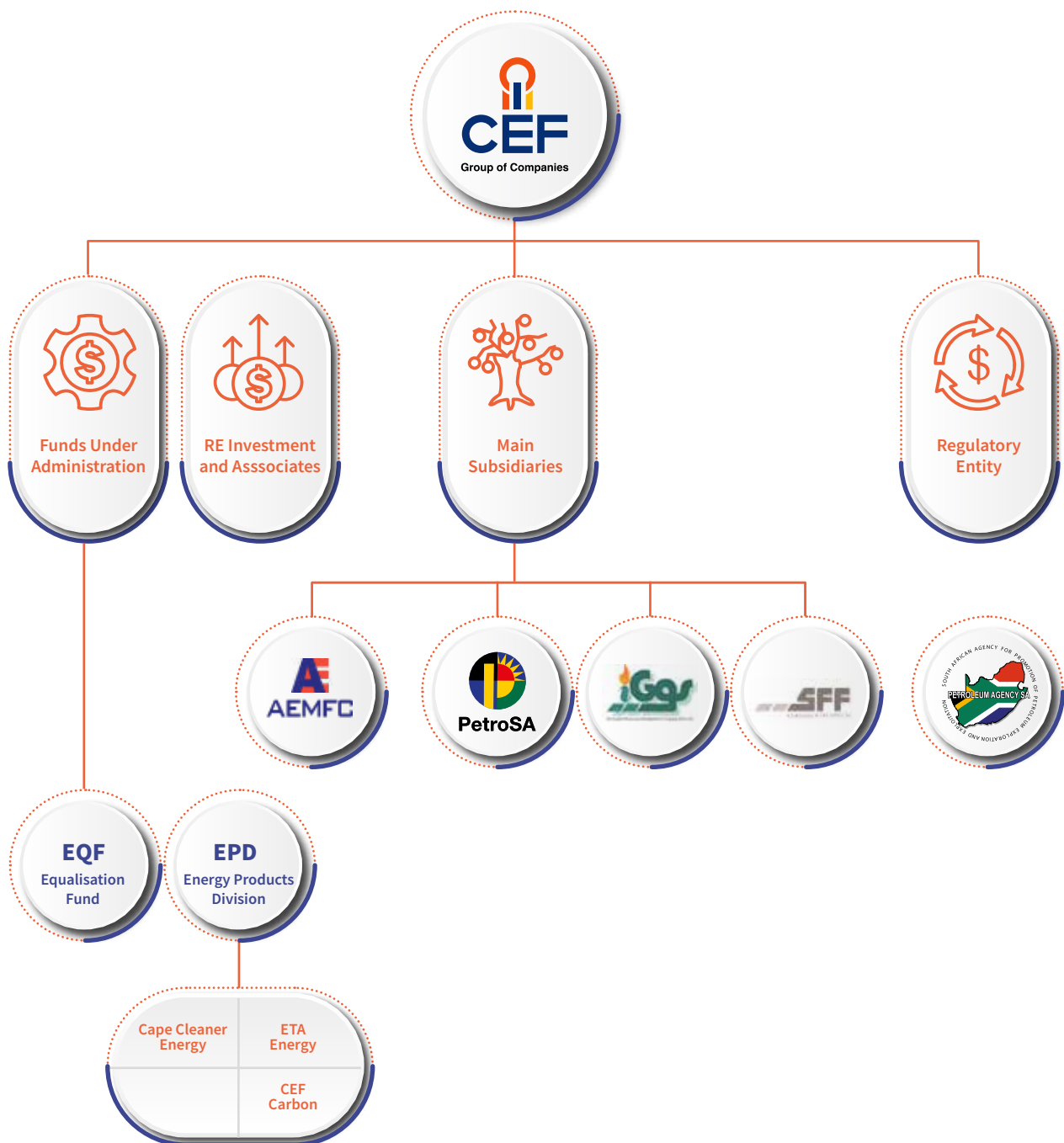
Zero fatalities	Lost-Time Injury Frequency Rate (LTIFR) of Zero (0)
Production	1.28 Mt
Waste	3.33 Mt
Unit Cash Cost	R630/Tonne
229 full-time employees	202 permanent employees, 16 on fixed term contracts and 11 on learnerships in different departments.

OUR GROUP

WHERE WE FIT IN THE CEF GROUP AND DMPR



African Exploration Mining and Finance Corporation SOC Limited is a wholly owned subsidiary of The Central Energy Fund SOC Limited.



INSTITUTIONAL FRAMEWORK



The institutional frameworks that apply to AEMFC are the following:

COMPANY

- The Constitution of the Republic of South Africa, Act No. 108 of 1996 (Constitution)
- The Promotion of Access to Information Act No. 2 of 2000 (PAIA)
- The Promotion of Administrative Justice Act No. 3 of 2000 (PAJA)
- The Protection of Personal Information Act No. 4 2013 (POPI)
- The Public Finance Management Act No. 1 of 1999 (PFMA)
- The Treasury Regulations (Issued in Terms of the PFMA Act 29 of 1999)
- The Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)
- The Broad-Based Black Economic Empowerment Act No. 53 of 2003 (B-BBEE) and applicable Codes of Good Practice
- The National Treasury Practice Notes, Instruction Notes and circulars (Issued in terms of Section 76 of Public Finance Management Act No.1 of 1999)
- The Prevention and Combating of Corruption Activities Act 12 of 2004 and regulations promulgated thereunder
- The Prevention of Constitutional Democracy Against Terrorist and Related Activities Act 33 of 2004
- The Construction Industry Development Board Act No. 38 of 2001 (CIDB)
- The State Information Technology Agency Act No. 88, 1998 (SITA)
- The Companies Act 71 of 2008 (Companies Act)
- The Promotion of Equality and Prevention of Unfair Discrimination Act, 4 of 2000
- The Protected Disclosure Act 26 of 2000
- The Competition Act 89 of 1998
- The Value Added Tax Act 89 of 1991
- The Preferential Procurement Policy Regulations 2022

MINING

- Mineral and Petroleum Resources Development Act 28 of 2002
- Mine Health and Safety Act 29 of 1996
- Occupational Health and Safety Act 85 of 1993
- Mining Titles Registration Act 16 of 1967
- National Environmental Management Act 107 of 1998
- Regulations in terms of the National Environmental Management Act 107 of 1998
- Mining Charter

EMPLOYMENT

- Labour Relations Act 66 of 1995
- Employment Equity Act 55 of 1998
- Basic Conditions of Employment Act 75 of 1997
- Compensation for Occupational Injuries and Deceases Act 130 of 1993
- Skills Development Act 97 of 1998

SUMMARY: VALUE IMPACT FY2023/24



CUSTOMERS

A) DELIVERING FAVOURABLE RETURNS

Achieved notable financial progress throughout the fiscal year, demonstrating substantial growth compared to both the preceding year.

- Operating profit - R179.3 million (2023: R101.7 million)
- Shareholder value created – R64.4 million (2023: R70.2 million)

B) ENERGY SUPPLIED

- Energy supplied to Eskom – 74.6 million Gigajoules (2023: 48 million Gigajoules)

C) CONTRIBUTION TO SOUTH AFRICA

TOTAL TAX CONTRIBUTION

R million	2024	2023
Corporate income tax	76.9	48.2
Employee Costs (Non-COS)	85.8	79.9
Royalty tax	2.5	2.4

D) PROVIDING SAFE EMPLOYMENT

- There were no fatalities recorded during the year.
- Lost Time Injury Frequency Rate (LTIFR) for the mine was Zero (0) throughout the year.
- R153 million paid to employees (including salaries, benefits, bonuses and safety incentives) (2023: R165.5 billion)
- Female and youth representation
 - Females: 32% of total workforce
 - Learnerships: 4.8% of total workforce
 - Youth: 31% of total workforce
 - 7 employees with internal bursaries

E) ENVIRONMENT

- GHG emissions remained below the target of 3 tons/CO2eq
- The in-pit pumping for the fiscal year is within the permissible limit (130' m3 against the limit of 365' m3)
- Working towards 5.0 hectares of rehabilitated land to make available for seeding

F) IMPROVING COMMUNITIES

- Following the acceptance of Social and Labour Plan by the Department of Mineral Resources and Energy, a catch-up plan was prepared by the company. The purpose of developing a catch-up plan is to address the timelines of delivering the training and projects that were delayed.
- The catch-up plan addresses two significant SLP elements which are Skills Development and Local Economic Development (LED) projects.
- LED projects, the Municipality identified and allocated Five (5) projects to the mine SLP. Out of five (5) projects, only three (3) will be implemented as a priority.
- Skills Development Program is being addressed through:
 - Bursaries: Mining, Electrical and Mechanical Engineering – 3 out of 9 bursaries awarded
 - Internal & External Learnerships: Rock Breaking, Electrical Engineering, Boilermaker and Diesel Mechanic to be appointed, recruitment process is underway.



ANNUAL
PERFORMANCE REPORT

During the period under review AEMFC's overall corporate performance against pre-determined objectives was 63%, from a total of 24 planned targets, 15 targets were achieved and nine targets were not achieved.

STRATEGIC OBJECTIVE 1 (SO1): AN EFFICIENT, RELIABLE, AND FINANCIALLY SUSTAINABLE BUSINESS – 35% WEIGHT

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
1.1	Improve contractual performance on Eskom CSA	Eskom Sales	2.3 Mt coal sold to Eskom (48 004 352 Gigajoules)	2.5 Mt sold (45 927 074 Gigajoules)	Achieved 3.5 Mt sold (74 623 567.65 Gigajoules)	5:= (> 2.75 MT)	Coal rectification	Not Applicable
1.2	Realise Dividends or Divestment flows from Associates	Return (dividend or shares disposal) realised from Associates (African Royalty Minerals)	Not Applicable.	Divestment from African Royalty Minerals	Not Achieved No divestment from African Royalty Minerals	1: = (After 30 June 2023= 1)	Withdrawal by ARM from the sale	Reconsider the sale transaction
1.3	Strengthen the company financial position, profitability and liquidity	Return on Assets	4%	1%	Achieved: 5.6%	4: = (>2%<5%)	Not Applicable	Not Applicable
		Current Ratio	1.82	1.7	Achieved: 4.37	5: = (>2.5)	Not Applicable	
		Debt-Equity Ratio	0.18	1.8	Not Achieved: -0.95	1: = (<2.9)	Not Applicable	
		Net Profit Margin	4%	1,1%	Achieved: 2.5%	4: = (>2<5%)	Not Applicable	

STRATEGIC OBJECTIVE 2 (SO 2): STRATEGIC GROWTH THROUGH PARTNERSHIP – 15% WEIGHT

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
2.1	Diversify into coal export markets through Quattro Scheme Allocation	Coal Export volumes (or sales)	305,243 tonnes of coal exported through Quattro Scheme	DMRE Quattro Scheme Allocation revenue	Not Achieved: 231,505 DMRE Quattro Scheme Allocation revenue	2: >0.2 MT < 0.3 MT	Transnet Freight Rail had difficulties with providing trains which impacted exports	Manage relationship with Transnet Freight Rail to ensure consistent availability of trains to meet targets
2.2	Develop AEMFC Projects to increase coal supply to Eskom (JV Partnerships, Acquisitions or Eskom RFQs)	Operationalise Klippoortjie Mine	Not Applicable.	Secure Eskom CSA for Klippoortjie Mine and/or its approval as a rectification source for Eskom	Achieved: Eskom CSA for Klippoortjie Mine is currently in the negotiation process	3: Samples Submitted to Eskom	Eskom CSA for Klippoortjie Mine is currently in the negotiation process	Improve SCM processes and strengthen project execution internally
2.3	Develop AEMFC mining assets portfolio in Energy and Digital transition minerals	Secure Prospecting and Mining Rights for Digital and Energy Transition Minerals (e.g. Lithium, Cobalt, Manganese, Copper, or Rare Earths)	Not Applicable	Number of Prospecting and Mining Rights Applications Lodged	Not Achieved: 10 valid prospecting rights lodged at various stages of the required Environmental Assessment and Consultation studies to support the applications for Prospecting Rights	2: > 5 <= 10 Prospecting or Mining Rights Applications	Emphasis was on developing current prospects to ensure compliance and manage financial impact	To pursue optimal portfolio balance of new prospects, development, and eventual operationalisation of existing permits

STRATEGIC OBJECTIVE 3 (SO 3): OPERATIONAL EXCELLENCE – 15% WEIGHT

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
3.1	Safe Operations	Lost Time Injury Free Rate (LTIFR)	0,31	<0.91 Less than the latest published Provincial LTIFR	Achieved: 0 LTIFR recorded in FY2023/24	5: =0.7	Not Applicable	Not Applicable
3.2	Review and implement a profitable new operating model and processes	A Fit-for-Purpose Mine Operations Model Implementation	Not Achieved	Review and implement a profitable new operating model	Achieved: A Fit-for-Purpose Mine Operations Model approved by the Board Mandate to proceed towards implementation secured	5: Board approval of operating model framework and business model canvas	Not Applicable	Not Applicable
3.3	Finalize project development framework for future projects	New Projects Development and Operationalisation of existing projects	Not Achieved	Develop project development framework for acquisition of new mineral rights	Achieved: Board approval secured. Projects Investment Policy and Project Management Policy & Procedures approved	5: Approval from Board	Not Applicable	Not Applicable

STRATEGIC OBJECTIVE 4 (SO 4): A RESPONSIBLE CORPORATE CITIZEN THAT'S CONTRIBUTING TO SOCIOECONOMIC DEVELOPMENT – 20% WEIGHT.

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
4.1	Clean Audit	Eliminate/address significant audit findings	Not Achieved	Reduce Irregular Expenditure from previous audit to <0.3% of Revenue	Achieved: Irregular Expenditure is 16.39% of Revenue	4: Unqualified Audit Opinion for FY2023/24	Not Applicable	Loss control committee to process irregular expenditure
			Not Achieved	Reduction of Audit findings from previous audit	Achieved: 78% Reduction of Audit findings from previous audit	4: 80%	Not Applicable	Not Applicable
			SLP submitted to DMRE on 10 October 2022	Continuous review of competence and further training on compliance	Achieved: SCM Policy Training National Treasury Bid Committee Training Performance Management Training for Head Office employees	3: 60% adherence to PDPs	Not Applicable	More training to be provided to Mine employees
4.2	Implementation of SLP projects	SLP performance plans and execution	Not Achieved:	Implementation of SLP projects	Achieved: The Social and Labour Plan for period 2019 – 2023 was approved by DMRE during 2023/24 financial year	4: SLP Approved by DMRE	Delays in approval of the 2019-2023 SLP led to slow progress in SLP implementation	2019-2023 SLP catch-up plan showing realistic target dates to be developed
4.3	Mining Charter Compliance	Continuous improvement of performance against the Mining Charter	Not Applicable.	Mining Charter implementation	Achieved: The Social and Labour Plan for period 2019 – 2023 was approved by DMRE during 2023/24 financial year.	3: 50% Achievement	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year	Mining Charter implementation plan to be developed

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
4.4	Stakeholder Relationships Management and Engagement	Develop AEMFC Stakeholder Management Policy and Framework for Engagement	Not Achieved:	Develop a stakeholder road map and strategy for engagement and support both internally and externally	Not Achieved: A stakeholder road map and strategy for engagement and support both internally and externally was not developed	1: Conceptual Framework Design	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the	Stakeholder Management Policy and Framework for Engagement to be developed in the 2024/25 financial year
4.5	Strategic and Operational Risk Monitoring and Control	Develop strategic and operational risk register, for critical control and monitoring of risks	Risk register was developed. Strategic Risk Register was approved by Board quarterly. Strategic Risk interventions were assessed and reported on at Exco, Board and BARC	Develop a risk register and interventions	Achieved: A risk register and interventions were developed. Risks were monitored throughout the financial year. Effectiveness of controls assessed quarterly	5: 100% verification of control effectiveness	Not Applicable	Not Applicable

STRATEGIC OBJECTIVE 5 (SO 5): HUMAN CAPITAL VALUE CHAIN STRENGTHENING – 15% WEIGHT

No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
5.1	Develop a capabilities (competencies) framework & personnel development strategy.	Improved functionality of HR	Not Achieved:	Develop a capabilities (competencies) framework & personnel development strategy.	Not Achieved: The capabilities (competencies) framework & personnel development strategy was not developed.	2: = (Draft competency framework and personnel development strategy)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	The skills audit which is currently underway will provide guidance in developing the strategy. Capabilities (competencies) framework & personnel development strategy will be developed and tabled at EXCO in quarter 2 of the 2024/25 financial year



No.	KEY PERFORMANCE AREA	KPI	FY 2022/23 AUDITED OUTPUT	FY 2023/24 TARGET	FY 2023/24 OUTPUT	MEASURES	REASONS FOR DEVIATION	CORRECTIVE MEASURES
	Fill in all critical roles at Exco as per approved corporate structure for the execution of the corporate plan.	Improved functionality of HR	54% of HR Policies and Procedures reviewed and approved.	Benchmark and review HR and related policies for consultation and alignment with group practices.	Achieved: The following policies were tables at REMSEC and recommended for board approval: a) Sexual Harassment Policy Framework b) Revised Performance Management Policy	3: = (70% Implementation)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	All HR policies are currently being reviewed through an external service provider.
	Develop a fit for purpose technical team for project development.	Improved functionality of HR	54% of HR Policies and Procedures reviewed and approved.	A formal review of the corporate services systems and processes (Policies and procedures)	Not Achieved: The following policies were tables at REMSEC and recommended for board approval: a) Sexual Harassment Policy Framework b) Revised Performance Management Policy c) Organisational Performance Management Policy	2: = (50% Implementation)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	All HR policies are currently being reviewed through an external service provider.
5.1	Finalize the skills audit, mining competencies requirements and benchmarking exercise.	Improved functionality of HR	Not Achieved:	Finalize the skills audit, mining competencies requirements and benchmarking exercise.	Not Achieved: The skills audit, mining competencies requirements and benchmarking exercise was not finalised.	2: = (Draft skills audit, mining competencies requirements and benchmarking exercise)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Currently in the process of appointing an external service provider to conduct competence framework, job profiles, competence assessment report and comprehensive skills audit.
	Finalize the remuneration and incentives scheme framework, linked to performance management policies and procedures	Improved functionality of HR	Not Achieved:	Finalize the remuneration and incentives scheme framework, linked to performance management policies and procedures	Not Achieved: The remuneration and incentives scheme framework, linked to performance management policies and procedures not finalised.	1: = (No remuneration and incentives scheme framework)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Remuneration and incentive scheme framework linked to performance management policies and procedure will be finalised in quarter 1 of 2024/25.



GOVERNANCE STRUCTURE

OUR LEADERSHIP



MR. BERNARDUS SWANEPOEL

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

BSc Mining Engineering
BCom (Hons) Financial Management
Mine Manager Certificate of Competency

Appointed: 31 August 2022

Mr. Swanepoel has over 40 years of experience in the South African mining industry of which over 25 years has been in senior or executive management roles. He was the Chief Executive Officer of Harmony for 12 years, before he co-founded To The Point Growth Specialists (TTP) in 2008.

Bernard served for 11 years on the Sanlam Board and for 15 years on the Board of African Rainbow Minerals. He is Chairperson of Manganese Metal Company and past President of the AHI (and its inaugural chairman of the board when it became the SBI – Small Business Institute, a business chamber organisation). Through To The Point growth specialists he co-owns Resources for Africa Investment Conferences which holds industry conferences like the SA Coal day, PGM's day, Hydrogen Day, Junior Mining Indaba and the Joburg Indaba. He chairs all these conferences.

Mr. Swanepoel brings invaluable experience to the Board on governance, analytical analysis, sensitivities to emerging world trends in the mining sector, and an understanding of social and environmental matters for state-owned enterprises



MS. DUDU HLATSHWAYO

INDEPENDENT NON-EXECUTIVE DIRECTOR

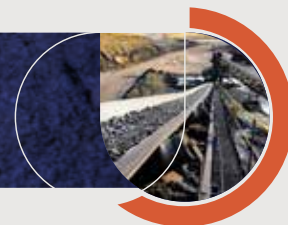
BA(Hons) Social Science
MBA Advanced Corporate Finance

Appointed: 22 June 2021

Ms. Hlatshwayo has a solid business management and finance background that spans over 30 years. She was a Partner at Ernst & Young, a Director in the Corporate Finance Division of Andisa Capital (subsidiary of Standard Bank) and has vast experience in state owned entities including Transnet as a Group Executive and Telkom as a Product Manager.

Ms. Hlatshwayo has been credited with integrity, self-belief, fairness, and profound belief in people. She has served on various boards of public and private companies which include Public Investment Corporation, Pareto, Erin Energy Plc, Land and Agricultural Bank of South Africa, and Airports Company South Africa among others. Besides her role as a board member of various boards, she is the Chief Executive Officer of a company that she founded in 2006, Change EQ, an advisory firm that provides strategic advice to corporate organizations in South Africa.

As an all-rounder, Dudu brings invaluable skills to the AEMFC Board which include corporate finance, business process re-engineering, organizational design, corporate strategy development and business planning, change and stakeholder management, and marketing and strategic communications.



MR. MZWANDILE MASONDO

INDEPENDENT NON-EXECUTIVE DIRECTOR

MSC Mining Engineering

Management Development Programme: Stellenbosch University

Executive Development Programme: GIBBS

Appointed: 31 August 2022

Mr. Masondo is a versatile mining engineer, who does not abide by the status quo of the profession and is always ready to take every challenge head on. He has extensive experience in coal mining where he served as the Chief Operations Officer at Seriti Coal and in hard rock mining from the early stages of his career.

Mr. Masondo has led the development and establishment of one of the most profitable underground coal mines and has over his career managed various joint ventures, highlighting his business acumen and impressive stakeholder management experience.

He served on various boards of companies and committees which include being President of the South African Colliery Managers Association, MHSC and Collieries Committee among others. He also enjoys mentoring upcoming talent, to grow the talent pool in South Africa.

As a go-getter, he brings his invaluable experience as an engineer in the South African coal industry to the AEMFC Board.

MS. PHUTHANANG MOTSIELWA CA(SA), RA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bachelor of Accountancy

Chartered Accountant (South Africa)

Registered Auditor (South Africa)

Appointed: 22 June 2021

Ms. Motsielwa is a Chartered Accountant (SA) and a Registered Auditor (RA) with extensive experience in advisory services and limited assurance. She has experience in various industries including mining, manufacturing, oil, and gas sectors among others from her earlier career days at PWC where she completed her articles and Sasol where she also gained corporate finance experience.

Phuthanang is the Co-Founder and Director of PSTM, a Black women-owned Assurance, tax and advisory company where she is responsible for the limited assurance and reviews portfolios. She also serves on several boards including Exxaro Matla Setshabeng NPC and has a keen interest in the empowerment of women in business.

She heads the AEMFC Board Audit and Risk Committee, where she imparts her skills as a Chartered Accountant and Registered Auditor in public practice to better govern AEMFC.



MS. JANEY SNYMAN PIA (SA)

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

BCom Accounting
Professional Internal Auditor (South Africa)
Certified Quality Assurance Reviewer

Appointed: 22 June 2021

Ms. Snyman is an accomplished Governance Executive, with 23 years' multinational experience in internal audit, Sarbanes-Oxley Act (SOX) compliance, risk, compliance, control advisory and assurance. She presents a substantial career path of driving risk awareness and integrated improvement solutions that assist organisations in reaching their full potential. As a trusted governance partner, Ms. Snyman dedicated 13 years to the international supply chain services and solutions giant, UTi Worldwide Inc. now known as DSV, assuming the role of Director of Global Internal Audit for Africa and EMENA regions, where she spearheaded internal financial control methodology and testing.

She returned to the consulting arena and thrived while providing internal audit strategic sourcing and control optimisation services. Her passion to provide solution driven services to her clients by growing and developing approaches to optimize client delivery resulted in her award in 2017 as Adept Brand Ambassador, within her first year of tenure. She accepted the role as Associate Director, from where she was responsible for client growth under the Top 5 (five). Her clients included SABMiller now known as AB InBev and Mutual & Federal (Old Mutual).

Ms. Snyman's vision is to enhance her commitment to governance by becoming a Chartered Director which will provide her with the platform to positively influence the effective and ethical leadership within a company to safeguard relationships between the board, management and other stakeholders, skills she imparts on the AEMFC Board as a member.



MS. DITSIETSI MORABE

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom Economics & Business Economics
MCom Economics – Public Finance
Certificates in Management Development Program and Executive Development Program

Appointed: 25 March 2022

Ms. Morabe has over 27 years experience in policy analysis, budget analysis, public financial management and supply chain management within the minerals sector. She managed construction, maintenance, and property budgets, among others and was Acting CFO at The Department of Mineral Resources, where under her leadership the Department achieved a clean audit in the 2018/19 financial year. She has board experience as a member of finance committees; risk and audit committees; and director in boards of different entities. She also served as the moderator for the financial management key performance area in the national and provincial government management performance assessment project led by DPME.

Ditsietsi currently serves as the Interim Group Chief Financial Officer at AEMFC's parent company CEF SOC Ltd. Her responsibilities include overseeing the Corporate Finance, Supply Chain Management and Treasury functions of the CEF Group as well as providing strategic support to the Group CEO and the CEF Group on corporate financial matters.

Ditsietsi serves the AEMFC Board with great insight on the minerals industry including public finance management which she is expertly knowledgeable on.

MR. KEVIN HODGES

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

BSc. Hons Geology

Dip. Datametrics

Appointed: 22 June 2021

Mr. Hodges has over 35 years experience in the mining industry. The last 20 years working at the IDC involved in the financing and development of mining ventures. He specializes and focuses on IDC project development and equity transactions in the junior mining sector. He leads teams that invest in the early stages of project development, developing and adding value to the project from implementation to exit.

Mr. Hodges is involved in many aspects of mining finance from vanilla debt, project debt finance and quasi equity instruments. His experience includes managing exploration programs in the mining, oil and gas sectors and has conducted over 100 due diligences on investment opportunities of Mining and Metals projects across different countries and regions of Africa. He previously served as a board member of the Geosciences Council of South Africa.

At AEMFC he is the director and chairman of the Board Investment Committee where he contributes to the growth of the company and imparts his expertise which include the ability to assess the potential of a mineral resource and evaluate the structure and application of funds required to execute a new mining project or expansion of existing operations.





MR. LEMOGANG PITSOE

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc Mining Engineering
Diploma Investment Management
Masters Business Leadership (MBL)

Appointed: 1 February 2022

Mr. Pitsoe is a professional engineer registered with ECSA, that is a well-known miner of note with vast experience as a consulting and mining engineer. He has exceptional stakeholder skills where he provided strategic direction spanning over several years working in both the Private and Public sectors.

During his career, he has served in various senior management and executive roles within the mining industry at prominent companies including De Beers Diamond Mining Company, AECI Mining, The JV between Anglo Platinum and Royal Bafokeng Resources Holdings (RBR) a Platinum Mining Company (RB Plats), Heric Ferrochrome a Chrome Mining Company (Dikwena Chrome) and Alexkor SOC Ltd amongst others. His passion for mining led him to plough back as an external examiner at the faculty of Mining Engineering at Wits University and served for several years as a committee member at Association of Mine Managers South Africa (AMMSA). Outside of mining Lemogang is an avid cyclist and a running enthusiast.

Mr, Pitsoe is the Chief Executive Officer and executive member of the Board, where he has been entrusted with the strategic role of turning the company around to become an efficient, competitive and profitable state-owned mining company in Africa.



MR. PERSELY MADOKWE

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom Law
LLB
Certificate in Safety, Health, and Environmental Procedures & Policies

Appointed: 19 October 2022

Mr. Madokwe is a well-rounded candidate attorney with extensive experience in preparation of pleadings, formal documents and researching various aspects of law. He also consults with clients and counsel on an ongoing basis. He has experience in various industries including public sector, broadcasting, financial services sectors among others from his earlier career days at the Department of Education where he started his career and FNB where he obtained extensive experience as a financial advisor.

Persely has over the years implemented operation plans to enhance the achievement of strategic goals at the various companies he worked in and provided oversight over recruitment processes.

He is part of the Health, Safety and Environmental sub-committee where he imparts his invaluable knowledge from SHEQ industry experience and is also part of the Remuneration, Social and Ethics and Nomination committee of AEMFC.



RISK & COMPLIANCE

RISK MANAGEMENT

AEMFC views Risk Management as a tool to create sustainable value for stakeholders in a responsible manner and has adopted a comprehensive approach to risk management that allows organisations to identify, prioritise and effectively manage their crucial risks i.e. Enterprise-wide Risk Management (ERM), which allows the organisation's management of risk in all major functions and activities of the institution, rather than only in selected areas, to isolate the material risks.

The Board takes overall responsibility for risk management and have implemented a process for managing risk while delegating the oversight responsibilities for risk management to the Board Audit and Risk Committee (BARC). The BARC reviews the strategic risk register to ensure risks are being managed within a tolerable level and that risks are reduced or mitigated to an acceptable level.

The Risk Management and Compliance function supports the enterprise-wide risk approach by facilitating and coordinating the process of identifying, analysing, evaluating, measuring, and monitoring organisation-wide risks and compliance in all functional areas of AEMFC. The Executive Committee is responsible for ensuring that operational management considers and implements the appropriate risk mitigations.

BOARD OF DIRECTORS (BOARD)

Ultimately responsible for risk management and should ensure that there is a formal process to manage risks within AEMFC.

BOARD AUDIT & RISK COMMITTEE (BARC)

Assists the Board in reviewing the overall quality, integrity and reliability of AEMFC's risk management processes and all significant risks.

EXECUTIVE COMMITTEE (EXCO)

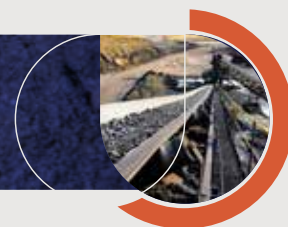
Responsible for monitoring the risk profile of AEMFC and ensure effective risk mitigations are implemented.

RISK & COMPLIANCE DEPARTMENT

Oversees and maintains the risk management plan and processes in line with the Enterprise Risk Management Framework approved by the Board.

BUSINESS UNIT MANAGEMENT

Responsible for managing risks for their areas of responsibility.



AEMFC's approach is to implement and maintain an integrated risk management framework, methodology and system that enables us to apply an integrated risk-based approach to our strategy, operations, business planning and business management, which ensures sustainability and resilience. Our ERM Framework and risk management process aligns with the ISO 31000 depicted in the diagram below.



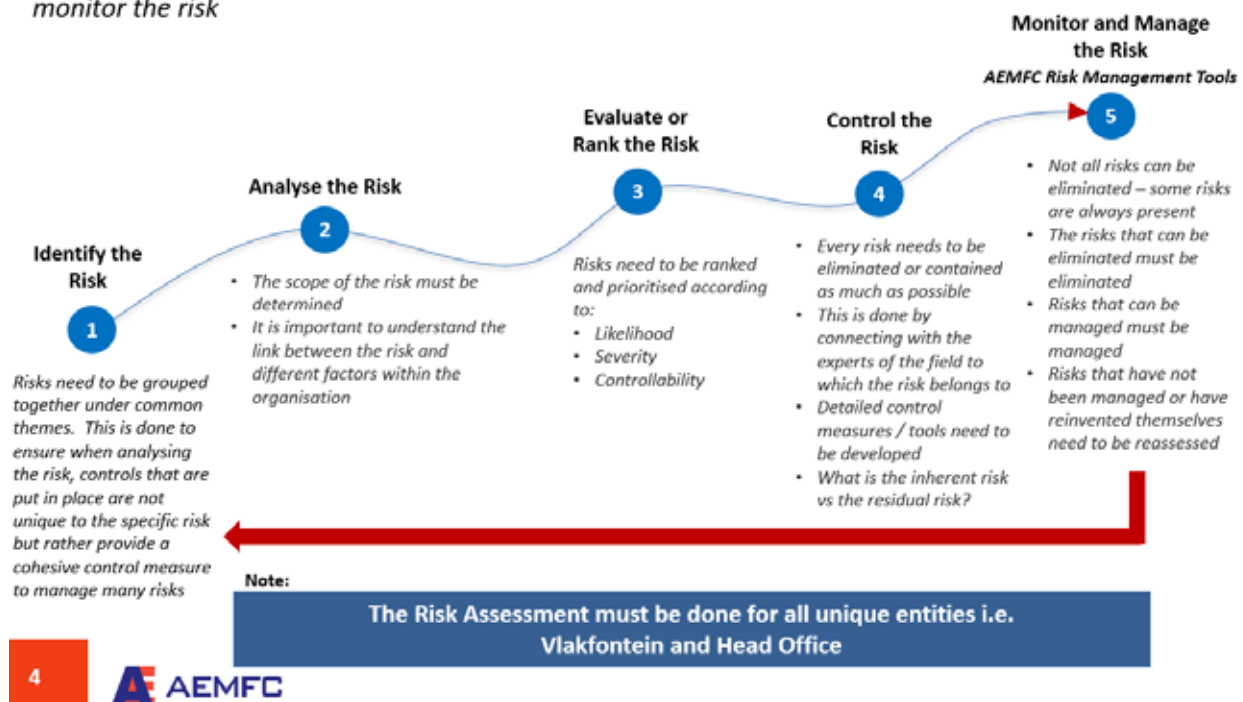
AEMFC RISK MANAGEMENT FRAMEWORK

AEMFC Board has approved a Risk Management Policy and Framework which guides the management of risk. Detailed risk assessments at strategic and operational level are conducted and facilitated by the Risk and Compliance Function and mitigation plans are identified and implemented to promote sustainable business operations. Risk is managed at an operational level with operations maintaining their own risk registers which are then consolidated at organisation level to come up with Strategic Risks and are then reviewed by the BARC which reports back to the Board.

The following provide a view of the AEMFC risk management framework and the top ten organisational risks. The organisational risks are ranked based on the residual risk exposure to AEMFC in accordance with the risk management framework as shown below.

The Essence of a Risk Management Framework

Our Risk Management Framework consists of 5 steps that together actively identify, control and monitor the risk



AEMFC RISK ASSESSMENT TABLES

INHERENT IMPACT RATING SCALE

This is the potential magnitude of the impact on objectives/ operations should the risk / threat occur. No account of existing controls is taken into consideration in assessing the inherent impact of risk. The criteria for the ratings are on a 1 to 5 scale consensus basis.

ASSESSMENT		STRATEGY	PEOPLE	ENVIRONMENT	REPUTATION	FINANCE	CONTINUITY
Catastrophic	5	Could result in disaster. Major impact on the organization's goals and objectives, e.g., >25% deviation from set targets.	Fatality realized. High rate of job losses.	Catastrophic environmental incident. Pollution and loss of natural resources. Loss of operating license. Work stoppages.	National press reaction. DMRE intervention required.	>10% of Total Assets.	Disruption lasts more than 7 working days.
Major	4	Significant impact on the organization's goals and objectives, e.g., 11- 25% deviation from set targets.	Emergency hospitalization case. High rate of job losses.	Major environmental incident. Reported complaint to regulator or authorities.	Provincial press reaction. CEF and Board involved.	Between 3% - 10% of Total Assets.	Disruption lasts between 2 and 7 working days.
Moderate	3	Measurable impact on the organization's goals and objectives, e.g., 6 -10% deviation from set targets.	Hospitalization case. Physical threat of life. Injury case. Job losses.	Environmental event that can be rectified. Environmental incident not closed-out for long periods.	Local press publication. Executive management involved.	0.25% - 3% of Total Assets.	Disruption lasts for a whole day.
Minor	2	Minor impact on the organization's goals and objectives, i.e., 1-5% deviation from set targets.	Near misses. Verbal altercation. No physical injury.	Environmental event that can be rectified quickly. Incident is a standard day-to-day procedure.	Minor local / public reaction / no loss of credibility / coped with at functional (operations) level.	0.01% - 0.25% of Total Assets.	Disruption is resolved within business day.
Insignificant	1	Little to no effect on event. This is not possible to measure the impact as it is minimal i.e. 0% deviation from set targets.	Peaceful disagreements. No harm on persons.	No effect on local residents and environment. Impact localized and site specific.	Little or no reaction from the public.	Negligible financial impact.	Disruption is resolved within 2 hours.

INHERENT RISK RATING TABLE

In determining inherent risk rating, the organisation rates the impact of the risk should it arise as well as the inherent likelihood of the risk in the absence of controls. In combining the two ratings (impact x likelihood) which are both determined on a 1-5 scale, the organisation determines inherent risk rating.

Assessment	Category Definition (Risk Implication)	Risk Factor
Extreme	Unacceptable level of risk - High level of control intervention required to achieve an acceptable level of residual risk	> 20
High	Unacceptable level of risk - Control intervention required to achieve an acceptable level of residual risk	15 < 20
Moderate	Unacceptable level of risk, except under unique circumstances or conditions - Moderate level of control intervention required to achieve an acceptable level of residual risk	10 < 15
Low	Mostly acceptable level of risk – process monitoring and reporting controls required	5 < 10
Insignificant	Acceptable - Low level of control intervention required if any	< 5





RESIDUAL RISK RATING TABLE

Residual Risk is the risk remaining after management has implemented all intended/designed controls. This gives an assessment of the level of exposure that the organisation is facing. Residual Risk is assessed by subtracting the percentage Control Effectiveness from the Inherent Risk Exposure. The table below give a guide on how control effectiveness will be assessed:

Assessment	Risk implications	Risk Factor	Response Strategy	
Extreme	Unacceptable level of residual risk Implies that the controls are not designed and/or controls are fundamentally inadequate (poorly designed) or ineffective (poorly implemented). Controls require substantial redesign, or a greater emphasis on proper implementation. Reporting should be regular to the oversight bodies.	>15	Immediate Action	Priority 1
High	Unacceptable level of residual risk Implies that the controls are inadequate (poorly designed) or ineffective (poorly implemented). Controls require substantial redesign, or a greater emphasis on proper implementation. Reporting should be regular to the oversight bodies	10 to < 15	Action	Priority2
Moderate	Unacceptable level of residual risk Implies that the controls are generally inadequate and/or ineffective. Controls require some review, proper implementation or diligent monitoring and effective reporting.	7.5 to < 10	Monitor	Priority 3
Low	Acceptable level of residual risk Implies that the controls are in place but inadequate or ineffective (poor implementation). Monitoring and Reporting is sufficient.	5 to < 7.5	Tolerate	Priority 4
Insignificant	Mostly acceptable level of residual risk Requires minimal control improvements.	< 5	Accept	Priority 5

RISK APPETITE AND RISK TOLERANCE

AEMFC defines Risk Appetite as the amount of risk that the company is prepared/willing to accept and pursue in achieving its objectives

Risk tolerance is defined as the organization's capacity to accept or absorb the risk. Risk tolerance relates to appetite but differs in one fundamental way: risk tolerance represents the application of risk appetite to specific objectives.

Risk Appetite and Tolerance are a core consideration of our enterprise risk management approach. The Risk Appetite and Tolerance consider the relationship between the potential consequences of key risks and the actual controls or management actions that mitigate those consequences.

Risk Appetite and Tolerance is therefore directly related to the strategies that the company wants to achieve. In the achievement of objectives, some level of risk must be taken/pursued to achieve these objectives. When setting objectives, the risk associated with the objectives shall not exceed AEMFC's risk tolerance. .

The Board reviews and approves the risk tolerance and appetite regularly to ensure effective delivery of the Company's strategy in the context of a continuously changing operating environment and regulations.

AEMFC RISK TOLERANCE THRESHOLDS

THRESHOLD	RISK TOLERANCE DESCRIPTION
ZERO RISK TOLERANCE	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk. This stance will also inform and fortified by the regulatory environment in which the company operates; i.e., what is permissible within the industry regulations and best practice Public Sector Legislations and Best Practice.
LOW RISK TOLERANCE	The organisation will RELUCTANTLY ACCEPT the risk. A low variability in outcomes (i.e., 0-2% variability) is acceptable when managing this risk. Usually, this is a stance for risks that are unavoidable in practice. In instances where such a risk/activity is accepted, regular reports, benchmarks, analyses, and decision-making tools will be adopted in informing the Board and its Executives in the
MODERATE RISK TOLERANCE	The organisation IS WILLING TO ACCEPT the risk/activity. Up to 15% variability in outcomes is acceptable when managing this risk. However, reports, benchmarks, analyses, and decision-making tools will be adopted in informing the Board and its Executives in the best course to pursue.
HIGH RISK TOLERANCE	The organisation WILL ACCEPT THE RISK/ACTIVITY. Up to 40% variability in outcomes is acceptable when managing this risk. However, reports, benchmarks, analyses, and decision-making tools will be adopted in monitoring the effectiveness of internal controls designed to monitor the risk

AEMFC RISK CATEGORIES

SOURCE	RISK CATEGORY	DESCRIPTION
INTERNAL	HUMAN RESOURCES	Risks that relate to human resources of the AEMFC. These risks can influence the AEMFC's human capital regarding: - Integrity and honesty. - Recruitment. - Skills and competence. - Employee wellness. - Employee relations. - Retention; and - Occupational health and safety.
INTERNAL	KNOWLEDGE AND INFORMATION MANAGEMENT	Risks relating to the AEMFC's management of knowledge and information. In identifying the risks consider the following aspects related to knowledge management: - Availability of information. - Stability of the information. - Integrity of information data. - Relevance of the information. - Retention; and - Safeguarding.
INTERNAL	LITIGATION	Risks that the AEMFC might suffer losses due to litigation and lawsuits against it. Losses from litigation can possibly emanate from: - Claims by employees, the public, service providers and other third party. - Failure by the AEMFC to exercise certain rights that are to its advantage.
INTERNAL	SERVICE DELIVERY	Every Institution exists to provide value for its stakeholders. The risk will arise if the appropriate quality of service is not delivered to the citizens.
INTERNAL	INFORMATION TECHNOLOGY	The risks relating specifically to the AEMFC's IT objectives, infrastructure requirement, etc. Possible considerations could include the following when identifying applicable risks: - Security concerns. - Technology availability (uptime). - Applicability of IT infrastructure. - Integration / interface of the systems. - Effectiveness of technology; and - Obsolescence of technology.
INTERNAL	THIRD PARTY PERFORMANCE	Risks related to the AEMFC's dependence on the performance of a third party. Risk in this regard could be that there is the likelihood that a service provider might not perform according to the service level agreement entered with the AEMFC. Non-performance could include: - Outright failure to perform. - Not rendering the required service in time. Not rendering the correct service; and iv. Inadequate / poor quality of performance.

SOURCE	RISK CATEGORY	DESCRIPTION
INTERNAL	HEALTH & SAFETY	Risks from occupational health and safety issues e.g., injury on duty; outbreak of disease within the AEMFC etc.
INTERNAL	DISASTER RECOVERY / BUSINESS CONTINUITY	Risks related to the AEMFC's preparedness or absence thereto to disasters that could impact the normal functioning of the AEMFC e.g., natural disasters, act of terrorism etc. This would lead to the disruption of processes and service delivery and could include the possible disruption of operations at the onset of a crisis to the resumption of critical activities. Factors to consider include: i. Disaster management procedures; and ii. Contingency planning.
INTERNAL	COMPLIANCE/ REGULATORY	Risks related to the compliance requirements that the AEMFC must meet. Aspects to consider in this regard are: i. Failure to monitor or enforce compliance ii. Monitoring and enforcement mechanisms. iii. Consequences of noncompliance; and iv. Fines and penalties paid.
INTERNAL	FRAUD AND CORRUPTION	These risks relate to illegal or improper acts by employees resulting in a loss of the AEMFC's assets or resources. Includes risks that the AEMFC might suffer losses due to either theft or loss of an asset of the AEMFC.
INTERNAL	FINANCIAL	Risks encompassing the entire scope of general financial management. Potential factors to consider include: I. Cash flow adequacy and management thereof. II. Financial losses. III. Wasteful expenditure. IV. Budget allocations. V. Financial statement integrity. VI. Revenue collection; VII. Increasing operational expenditure.
INTERNAL	CULTURAL	Risks relating to the AEMFC's overall culture and control environment. The various factors related to organisational culture include: i. Communication channels and the effectiveness; ii. Cultural integration; iii. Entrenchment of ethics and values; iv. Goal alignment; and v. Management style.

SOURCE	RISK CATEGORY	DESCRIPTION
EXTERNAL	ECONOMIC ENVIRONMENT	Risks related to the AEMFC's economic environment. Factors to consider include: i. Inflation; ii. Foreign exchange fluctuations; and iii. Interest rates.
EXTERNAL	POLITICAL ENVIRONMENT	Risks emanating from political factors and decisions that have an impact on the AEMFC's mandate and operations. Possible factors to consider include: i. Political unrest; ii. Local, Provincial and National elections; and iii. Changes in office bearers.
EXTERNAL	SOCIAL ENVIRONMENT	Risks related to the AEMFC's social environment. Possible factors to consider include: i. Unemployment; and ii. Migration of workers.
EXTERNAL	NATURAL ENVIRONMENT	Risks relating to the AEMFC's natural environment and its impact on normal operations. Consider factors such as: i. Depletion of natural resources; ii. Environmental degradation; iii. Spillage; and iv. Pollution.

TOP TEN KEY RISKS

RISK NAME	RISK PRIORITY	KEY CONTROLS /MITIGATING ACTION PLANS
IMPAIRED ORGANISATIONAL SUSTAINABILITY	PRIORITY 1	- Eskom CSA negotiations are ongoing with weekly technical meetings held with Eskom. - Sourcing of a Coal Washing Plant as a long-term solution. - The operationalisation of Klippoortjie is at advanced stage with phase 1 already activated. - Manage relationship with Transnet Freight Rail to ensure consistent availability of trains to meet export (quattro) volume targets. - West block drilling completed and geological model updated. - Seismic surveys on green energy minerals have been completed paving the way for targeted drilling. - Diversification of Revenue streams through acquisition of a new mine that is operational is being considered.
INEFFICIENT PROJECT AND INFRASTRUCTURE DEVELOPMENT AND IMPLEMENTATION	PRIORITY 1	- Projects Investment Policy and Project Management Policy & Procedures approved by the board. - Projects Investment Committee was initiated. - Klippoortjie NDA signed and MOU still in draft. - Westblock drilling completed and geological model updated and presented to Eskom - Sourcing of Coal Wash Plant at advanced stage with partner identified. - Procurement process for the appointment of a strategic partner / service provider for T-project has been initiated. - Diversification of revenue streams through acquisition of a new mine that is operational is being considered.
NON-COMPLIANCE WITH LAWS, REGULATIONS, POLICIES, AND GOVERNANCE PRINCIPLES	PRIORITY 1	- A compliance risk management framework was developed and approved by the board. - Department of Mineral Resources and Energy (DMRE) accepted the Social & Labour Plan (SLP). - Following the approval of SLP by DMRE. A catch-up plan has been prepared. - Review and update the regulatory/compliance Universe. - Conduct a compliance risk assessment on identified legislation. - No major safety injuries. - The current level of exposure to dust and other fumes is within category C, i.e. non-reportable exposures - Implement HSE critical season campaign. - The environmental compliance to water use license (WUL) is at 80%.

RISK NAME	RISK PRIORITY	KEY CONTROLS /MITIGATING ACTION PLANS
INEFFICIENT HUMAN CAPITAL MANAGEMENT	PRIORITY 2	- All departments' critical/management roles were filled. - The organisational structure was approved by the board. - Performance Management initiative was initiated and the definitive rollout done. - HR Policies are currently under review to align with best practice and legislative requirements.
INADEQUATE SAFETY, HEALTH, ENVIRONMENT, QUALITY (SHERQ) AND SECURITY MANAGEMENT	PRIORITY 2	- Ongoing awareness sessions on health and safety. - Ongoing occupational Health and safety reviews. - Development of safety procedures for adverse weather conditions. - There was no overexposure to occupational health. - LTIFR for the mine was zero. - Periodic medical examinations were undertaken in Q2 .
INADEQUATE OPERATIONAL CAPACITY AND EFFECTIVENESS THEREOF	PRIORITY 2	- Development of comprehensive operational strategies per department. - Target setting in strategies was reviewed and enhanced to be more precise and measurable. - Employee Performance Management initiative was initiated and the definitive rollout done.
INEFFECTIVE COMMUNICATIONS AND STAKEHOLDER MANAGEMENT	PRIORITY 2	- Develop a stakeholder road map and strategy for engagement and support both internally and externally. - Currently, eight students have been selected and issued bursaries for the year 2024. - The Department of Mineral Resources and Energy (DMRE) accepted the Social and Labour Plan (SLP) and a catch-up plan to address the delays in delivering training and projects caused by the late acceptance have been developed. - Cordial relations with local communities.
FRAGMENTED APPROACH TO ESG IMPLEMENTATION AND MANAGEMENT	PRIORITY 2	- Develop and implement the ESG Policy and Framework - Training and awareness on ESG. - Constitute an ESG implementation committee - GHG emissions for the operation are relatively below a target of 3 tons (CO2 equivalent). - The environmental compliance to water use license (WUL) is at 80%.
INADEQUATE TECHNOLOGY, CYBER SECURITY AND INFORMATION MANAGEMENT	PRIORITY 3	- The ICT strategy and plan was developed and approved by the Board. - The ICT Governance Framework, Access management policy and ICT Acceptable Use Policy was developed and approved by the Board. - Review and enhance business continuity framework. - Develop the information and document classification framework. - Ongoing training and awareness on cyber security.



FINANCIAL INFORMATION



REPORT OF THE CHIEF EXECUTIVE OFFICER

LA PITSOE

1. OVERVIEW

It is a privilege to present the AEMFC Annual Report for the 2023/24 financial year which highlights the Company's performance against the approved strategic objectives. In this financial year, AEMFC continued to show strong recovery, agility, and resilience in meeting its foundational mandate and overall strategic objective of safeguarding security of energy supply through the acquisition, exploration and exploitation of mining rights in respect of all energy related and other minerals on behalf of the State.

2. SAFETY, HEALTH, ENVIRONMENT, RISK AND QUALITY

Safety, Health, Environment, Risk and Quality remain as the key pillars of the company's sustainability strategy. In line with this strategy, the reduction of injuries and fatalities as well as improving the health of our employees and external stakeholders are inviolable objectives. The health and safety performance for the fiscal year remained relatively good and in line with the goal of achieving zero injuries. There has been no recorded fatal accident since the mine started operations in 2011, with the last Lost Time Injury (LTI) having been recorded back in July 2015. There were no long-term reportable injuries recorded for the year and the number of occupational health exposures was generally low throughout the year.

The Company is committed to responsible and sustainable management of natural resources and ecosystems including soils and land, plants, animals, water, and air through implementing robust environmental monitoring programmes and systems. The electricity, run of mine (ROM), and diesel consumption are monitored and tracked as part of the ongoing Greenhouse Gas Inventory required in terms of the Greenhouse Gas Regulations. The GHG emissions for the Vlakfontein mine remained below the target of 3 tons/CO₂eq (carbon equivalent).

3. OPERATIONAL PERFORMANCE

The mine delivered 3,450,673 tonnes (74,623,567 GJ) of saleable coal to Eskom under the Coal Supply Agreement (CSA), thus exceeding the 2,500,000 tonnes (45,927,074 GJ) annual target by 38%. The operational disruptions experienced in the last quarter of the financial year however dampened what was otherwise a strong overall annual operational performance by AEMFC.

Although the current CSA is coming to an end, intensive interactions are taking place with Eskom across all layers of the organisation to either extend the current agreement or enter into a new one. The technical teams on both sides are on the verge of concluding their work, with most of the due diligence having been finalised, to enable the commercial work stream to begin the negotiations of the new/extended CSA.

The expansion of current Vlakfontein Mine operations into the West Block is at an advanced stage, as is the process to operationalise Klippoortjie Mine. The internal processes to identify a Strategic Partner for the operationalisation of Klippoortjie Mine is proceeding satisfactorily, with the appointment expected to be made in the first quarter of the new financial year.

Refreshment of the project information on T-Project is also underway and expected to be concluded by the end of the first quarter of the new financial year. This will increase the number of operational mines to three, and thus enhance the long term overall sustainability of the company.

AEMFC has also cultivated a healthy pipeline of mining prospects, especially in critical energy transition minerals, which are being rapidly advanced towards commercialisation. AEMFC has secured prospects for lithium exploration in the Northern Cape, as well as rare earth elements in the North-West Province, the early prognosis for which is showing immense promise. Following the successful completion of extensive seismic surveys of manganese and iron

“The Company is committed to responsible and sustainable management of natural resources and ecosystems including soils and land, plants, animals, water, and air through implementing robust environmental monitoring programmes and systems.”

ore, also in the Northern Cape Province, a comprehensive targeted drilling program will begin in the next financial year to characterise the ore bodies and their potential more fully.

Our mergers and acquisition projects pipeline has also grown sizeably in this financial year. Coupled with enhanced internal projects execution capacity, a streamlined and expeditious process of pursuing shovel-ready or operational, high return and low risk acquisition opportunities in the market is imminent.

4. FINANCIAL PERFORMANCE

The company achieved notably positive overall financial performance in the fiscal year, amid operational disruptions experienced during the third and fourth quarter, due to Eskom-instituted delivery stoppages and a strike at the mine. Nonetheless, the company demonstrated substantial growth compared to both the preceding year and the budget. An Operating Profit of R179,3 million was realised, marking a solid increase 76% over the previous year and surpassing the budget. Net Profit After Tax reached R64,4 million, reflecting a decrease of 8% compared to the prior year. This was significantly lower than budgetary expectations as a result of a R85,2 million impairment of the investment in African Royalty Minerals (Pty) Ltd.

The company was able to settle its interest-bearing shareholder loan from CEF in this financial year, thus unburdening its overall capital structure, and in the process, enhancing its ability to attract capital for much-needed growth funding.

Following the disclaimer audit opinion of the AGSA received by AEMFC in the previous financial year, concrete and immediate steps were taken, to ensure an improved and positive audit opinion. Chief amongst this was the establishment of a functional Internal Audit Steering Committee, and a Loss Control Committee, as well as the cultivation of a close collaboration

with the AGSA. The successful recruitment of key executive positions of CFO and General Manager - Corporate Services, has also contributed to a stable leadership team within AEMFC. This, together with other organisational responses such as policy review and consequence management, have resulted in a noticeable improvement in internal control systems, effective risk management, improved governance processes and overall improvement in organisational performance.

Our strategic risk review process flagged emergent risks which are perceived to pose a material threat to AEMFC and its ability to deliver its mandate. Therefore, overall risk exposure has increased in this financial year as a result of the performance under the Eskom CSA, its impending expiry, as well as overall deficient internal compliance environment. AEMFC also experienced strike action during January 2024. Management is aware of these risks and is taking specific steps to mitigate their impact on the Company.

5. HUMAN CAPITAL

Our people remain the most important asset in support of our growth strategies. AEMFC had a total headcount of 229 employees, of which 202 are permanent, 16 are on fixed term contracts and 11 are Learners in various departments.

There were 48 new appointments and an attrition of 46 employees made during this period. The approved organisational structure resulted in 55 vacancies. The AEMFC operational workforce is largely recruited from the local communities in and around the Ogies area, where the company's main operating asset is situated.

Vlakfontein is still operating in an environment that is shaped by the lingering and complex employer-employee relations climate. Implementation of Section 189 of the Labour Relations Act in the prior year has resulted in significant headcount reduction.

The Company experienced a dispute with Organised Labour in February, which was soon resolved, with the great assistance of the cordial relationship established between AEMFC and the represented unions.

Our employees-relations are aligned with the organisation's mission, values, and culture, and are founded on the sound principles of respect and inclusion, transparent communication, collaboration, and teamwork, as well as fair employment practices. Employee relations remain healthy, guided by a recognition agreement signed with the Labour unions. AEMFC continues to look for even further opportunities to develop our employees and thus provide an avenue for continued practical training in various disciplines through learnership programmes and bursaries.

6. SOCIAL AND LABOUR PLAN

Following the acceptance of Social and Labour Plan by the Department of Mineral Resources and Energy, a catch-up plan was prepared by the company to address the delays occasioned by the late acceptance of the SLP by DMRE. The catchup plan is intended to realign timelines and ensure that commitments outlined in the SLP are met despite the setbacks experienced.

Through the implementation of the plan, the company demonstrates its commitment towards the fulfilment of its obligations to host communities and stakeholder, whilst also maintain solid relationships with DMRE.

7. PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

The corporate annual performance was a mix of areas of performance exceedance, and under-performance in some areas. However, it still represented an improvement over the prior year performance. Out of the 24 Key Performance Indicator targets, 15 (63%), of the targets were achieved, and 37% were not achieved. In order to support consolidation and improvement in corporate performance for the period ahead, the entire performance management policy and procedure terrain within the company was revamped, with a focus on aligning it with industry best practice to ensure desired outcomes.



“Through the implementation of the plan, the company demonstrates its commitment towards the fulfilment of its obligations to host communities and stakeholder, whilst also maintain solid relationships with DMRE.”

8. FUTURE OUTLOOK

The Board and the Shareholder approved AEMFC Five-Year Corporate Plan for FY2025/29, together with the Shareholder Compact for FY2024/25. The approved plan and associated compact enjoins the company to maintain its strategic course of safeguarding security of energy supply for South Africa. This will be undergirded by the four strategic pursuits of financial sustainability, strategic growth, business excellence and a compelling human capital value proposition for the company.

With the business model review having been completed in the prior year, the company will, in support of the corporate plan and shareholder’s compact, embark upon the development and implementation of the outcomes of the business model review, in the period ahead. The implementation framework and associated plan for the business model will be developed and implemented in a phased approach. It is expected that a future-proof business model and an associated operating model will inoculate AEMFC against future market shocks and improve its overall performance. Once implemented, the new business model is expected to lead to a restoration of a high-performance culture within the organisation, to be complimented by a compelling employee value proposition, which is centred around upholding organisational values, ethics, and corporate governance norms throughout the operations.

The focal point for the new financial year, is to conclude the CSA with Eskom, especially in the first quarter, whilst also accelerating the process to bring both the west block of Vlakfontein as well as Klippoortjie and T-Project into operation.

Our internal projects execution capacity is also being bolstered to support the commercialisation of our capital projects. In the new financial year efforts to diversify the commodity basket for AEMFC will be intensified, as will efforts to secure new customers, especially on the export markets.

The preparatory work necessary for a positive AGSA audit outcome, which started by the establishment of an internal Audit Steering Committee in this quarter will intensify, as will efforts to improve the controls environment to facilitate and support a positive audit process and outcome.

May I take this opportunity to thank all our employees and the organised labour unions within our stable for the dedication they have shown in this challenging year under review. Our employees’ efforts have not gone unnoticed. We applaud their enthusiasm in engaging and embracing the turnaround strategy that will propel the company back to solid ground and yield positive performance.

My sincere gratitude goes to the Board of Directors that has supported management wisely and with relentless vigour and enthusiasm. I also extend my sincere appreciation to CEF Group SOC Ltd for their unceasing guidance and support.

I also extend my sincere appreciation to the Minister and the team at Departments of Mineral Resources and Energy for their guidance and support for the benefit of the country and its citizens.

Without the support of all our business partners and the broad community of our stakeholders we would not be able to achieve what we have achieved, and I therefore wish to extend gratitude for their continuous support.

.....
Mr. L.A. Pitsoe

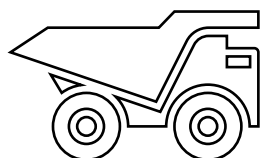
Chief Executive Officer



REPORT OF THE CHIEF FINANCIAL OFFICER

Siphamandla Kenneth Mthethwa

"Despite headwinds the company exhibited notable progress across operational, governance, financial, and strategic fronts."



COAL SALES VOLUMES

3 450 706 Tonnes

↑ 49.3% from PY



REVENUE

R2.5bn

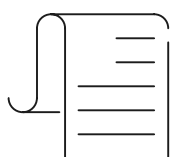
↑ 78.1% from PY



GROSS PROFIT

R363.0m

↑ 49.9% from PY



EBIT

R179.3m

↑ 76.3% from PY



CASH FROM OPERATIONS

R239.2m

↑ 53.5% from PY



CASH BALANCES

R532.5m

↑ 21.7% from PY

1. INTRODUCTION

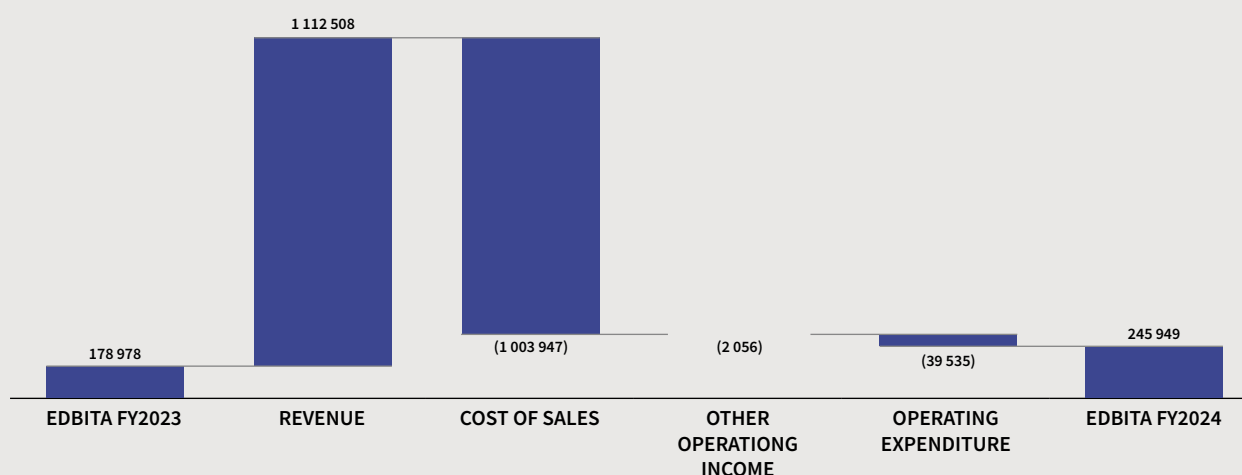
The 2023/24 financial year (FY2023/24) marked a period of strategic and operational resilience for AEMFC, underscoring our commitment to being an efficient, reliable, and financially sustainable business. This year was characterised, not only by strong financial and operational performance, but also by substantial progress in governance and controls. One of the most notable achievements was our successful progression from a Disclaimer to an Unqualified audit opinion—a testament to our strengthened control environment, transparency, and commitment to high standards of accountability. This improvement aligns directly with our strategic pillar, reflecting the impact of targeted initiatives within finance, governance, and risk management. Together these accomplishments bring AEMFC closer to a model of international best practices, securing a sustainable foundation for future growth.

2. FINANCIAL PERFORMANCE OVERVIEW

AEMFC delivered a strong financial performance in FY2023/24, achieving an Operating Profit of R179.3 million, a 76% increase compared to the prior year (PY). This result was supported by robust coal sales, contributing to increased revenue, while operational cost management played a role in sustaining profitability. Net Profit After Tax totalled R64.4 million, an 8% decline from FY2022/23, primarily due to an R85.2 million impairment of the investment in African Royalty Minerals (Pty) Ltd. This adjustment reflects the company's commitment to maintaining prudent and transparent asset valuation practices.

EBITDA for FY2023/24 increased to R256.1 million, up 40% from R183.3 million in FY2022/23, reflecting the strength of AEMFC's revenue-generating capacity. Revenue increased by R1,112.5 million, driven by strong coal sales during the year. This performance was achieved despite cost pressures, with cost of sales rising to R1,003.9 million and operating expenditure increasing by R39.5 million.

YOY EDBITA (R'000)



The significant growth in EBITDA highlights AEMFC's ability to adapt to market dynamics, and deliver improved financial performance under challenging conditions. These results demonstrate the company's focus on optimising revenue streams while navigating cost pressures, reinforcing its strategic commitment to financial sustainability and operational efficiency.

4. REVENUE

REVENUE AND OPERATING PROFIT/(LOSS)

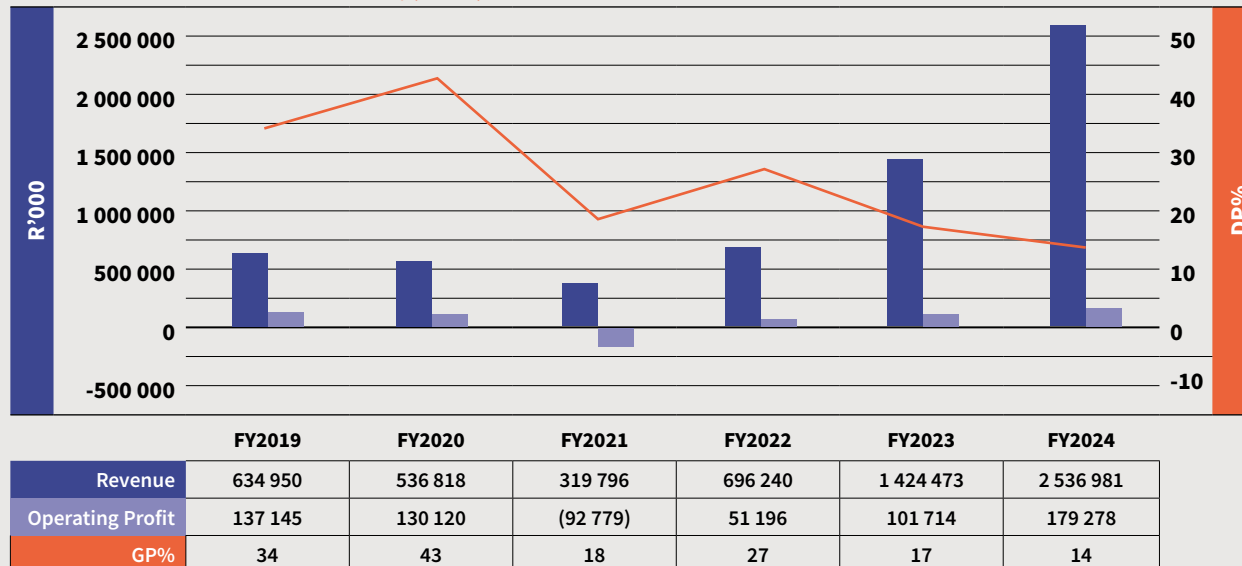


Figure 2: 6-Year Revenue, Operating Profit/(Loss) and GP %

Over the six-year period, AEMFC has achieved significant growth, with FY2023/24 revenue reaching a record R2,537 million—up 78% from R1,424 million in FY2022/23 and nearly four times the R696 million recorded in FY2021/22. Operating Profit improved to R179 million, continuing a strong recovery from a loss of R93 million in FY2020/21.

While gross profit margin (GP%) declined from 43% in FY2019/20 to 14% in FY2023/24 due to higher costs associated with rectification coal procurement, the sustained growth in revenue and profitability highlights AEMFC's resilience and adaptability. FY2023/24 reflects the culmination of these efforts, reinforcing the company's strategic focus on financial sustainability and operational excellence.

The benefits of rectification were evident in the 2023 and 2024 financial years, with a significant portion of sales and gross profit percentage attributable to rectification volumes.

GROSS PROFIT MARGINS

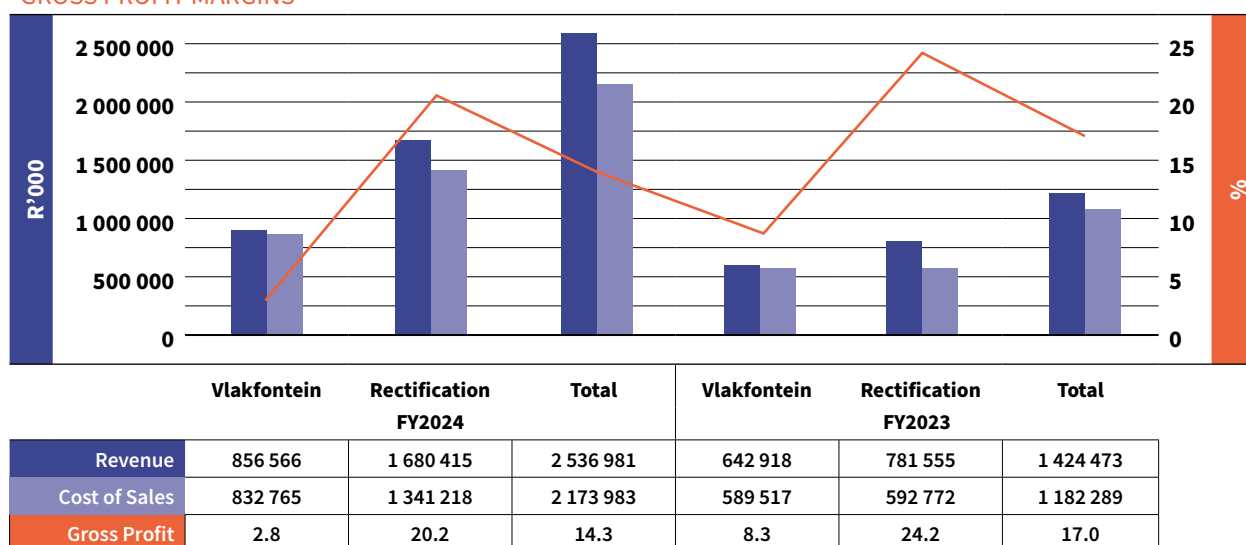


Figure 3: Revenue Analysis

4. OPERATING EXPENSES

Operating expenses increased from R169.5 million in FY2022/23 to R210.7 million in FY2023/24, reflecting a rise of R41.2 million. This increase is attributable to strategic investments in key areas to stabilize and enhance the company's operational capacity and compliance.

OPERATING EXPENSES (YEAR-ON-YEAR)

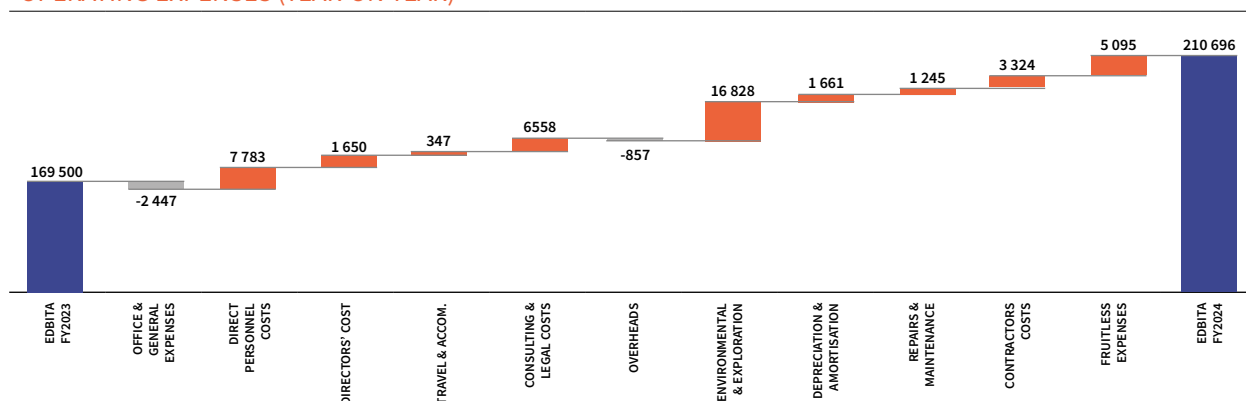


Figure 4: YoY Operating Expenses

Leadership and Organisational Stability: Direct and Personnel Costs increased due to the firming up of appointments at the executive level, including the CFO and GM Corporate Services, as well as the creation of the GM Information Technology role. These appointments were critical in ensuring stability and strengthening the entity's leadership framework.

Consulting and Legal Services: Consulting costs rose due to key initiatives, including mining engineering consulting, safety management system reviews, and bid evaluation support. Legal costs increased significantly, driven by litigation, labour-related matters, and contractual compliance work. These expenditures reflect a focus on improving governance, operational efficiency, and strategic execution.

Environmental and Exploration: Environmental and exploration costs increased by R16.8 million, with R14.7 million primarily allocated to prospecting rights pursuits. This reflects the company's commitment to its strategic focus on resource development to support future growth.

The increase in operating expenses highlights AEMFC's deliberate focus on strategic investments in leadership, compliance, and growth. These efforts are foundational to the company's long-term sustainability and alignment with its operational and governance objectives.

5. STATEMENT OF FINANCIAL POSITION

Statement of Financial Position As at 31 March 2024	March 2023	March 2024
	R'000	R'000
Non-Current Assets		
Property, plant and equipment	423 843	348 678
Intangible assets	1 140	768
Investments in associates	140 000	54 741
Deposits	11 933	12 013
Prepayments	207	104
	577 123	416 304
Current Assets		
Inventories	57 542	84 362
Trade and other receivables	303 094	119 916
Prepayments	104	104
Cash and cash equivalents	437 766	532 545
	798 506	736 927
Total Assets	1 375 629	1 153 231
Equity and Liabilities		
Equity		
Share capital	4	4
Retained income	599 909	664 341
	599 913	664 345
Liabilities		
Non-Current Liabilities		
Loans from group companies	208 899	208 899
Lease liabilities	24 547	20 128
Deferred tax	44 291	27 602
Provisions	65 839	63 596
	343 576	320 225
Current Liabilities		
Trade and other payables	302 359	134 427
Loans from group companies	109 813	-
Lease liabilities	3 520	4 419
Current tax payable	16 448	29 212
Provisions	-	603
	432 139	168 661
Total Liabilities	775 716	488 886
Total Equity and Liabilities	1 375 629	1 153 231

The Statement of Financial Position for AEMFC as of 31 March 2024 reflects significant movements in assets, equity, and liabilities, denoting key changes in working capital, asset management, and loan management during the year.

5.1 NON-CURRENT ASSETS

- Property, plant, and equipment decreased by R75.2 million (18%) to R348.7 million, reflecting ongoing depreciation and limited reinvestment during the year. Capital of R3.6 million was invested in the current year versus R10.4 million in the prior year.
- Investments in associates dropped by R85.3 million (61%) to R54.7 million, primarily due to the impairment of the investment, reflecting prudent asset valuation practices.

5.2 WORKING CAPITAL MANAGEMENT

	FY2022/23	FY2023/24
Current Assets	798 506	736 927
Current Liabilities	(432 139)	(168 661)
Net Working Capital	366 367	568 266
Net Working Capital Ratio	1.8	4.4

Figure 6: Net Working Capital

5.2.1 CURRENT ASSETS:

- Cash and cash equivalents increased by R94.8 million (22%) to R532.5 million, enhancing liquidity and demonstrating improved cash management practices.
- Inventories rose by R26.8 million (47%), reflecting higher stock levels, reflecting build-up in that time to meet future demand.
- Trade and other receivables decreased significantly by R183.2 million (60%). This change is attributed to rectification activities being in place at the end of FY20/2223, but not at the close of FY2023/24.

5.2.2 CURRENT LIABILITIES:

- Trade and other payables decreased significantly by R167.9 million (55%), reducing short-term obligations and reflecting lower operational liabilities. This change is attributed to rectification activities being in place at the end of FY2022/23 but not at the close of FY2023/24.
- The elimination of R109.8 million in loans from group companies further strengthens the balance sheet, reducing reliance on external funding and improving financial independence.

5.2.3 NET WORKING CAPITAL AND NET WORKING CAPITAL RATIO:

- Net working capital (Current Assets - Current Liabilities) improved substantially, enhancing the company's ability to fund day-to-day operations without relying on external financing.
- The ratio increased significantly from 1.8 in FY2022/23 to 4.4 in FY2023/24, indicating that current assets now cover current liabilities 4.4 times, compared to 1.8 times in the prior year.
- This improvement reflects reduced reliance on short-term liabilities, a stronger cash position, and better overall liquidity management.

5.3 LOAN MANAGEMENT

- The full settlement of short-term loans from CEFS (R109.8 million) is a notable achievement, significantly improving the company's liquidity position and lowering financial risk.
- Non-current loans from group companies remained stable at R208.9 million, maintaining a manageable level of long-term debt.

5.4 EQUITY POSITION

- Retained income increased by R64.4 million (11%) to R664.3 million, supported by operational profitability reflecting the positive impact of operational performance on shareholder value.

5.5 CONCLUSION

- The FY2023/24 balance sheet reflects a stronger financial position driven by effective cash and working capital management, prudent debt reduction, and retained profitability. However, the reduction in non-current assets highlights the need to balance operational liquidity with reinvestment in core assets to sustain long-term growth and operational efficiency.

6. STATEMENT OF CASH FLOWS

AEMFC closed the year with a strong cash position of R532.5 million, a 22% increase from R437.8 million at the start of the year.

OPERATING EXPENSES (YEAR-ON-YEAR)

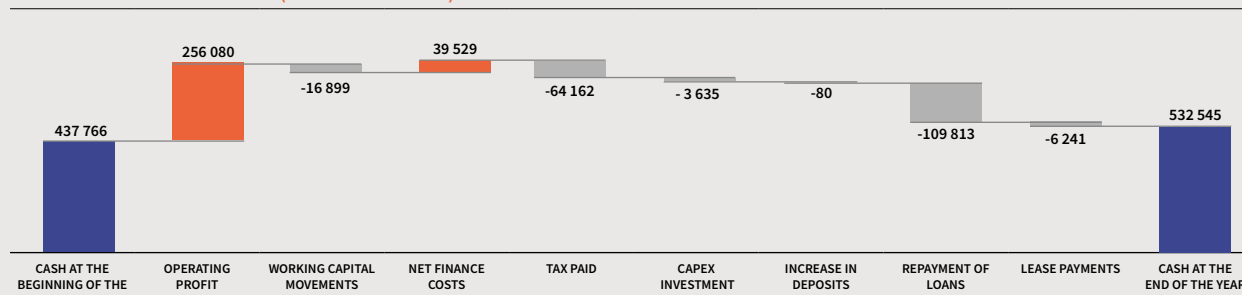


Figure 7: Cash Analysis

The growth in cash was driven by an operating profit of R256.1 million and disciplined working capital management, resulting in a modest outflow of R16.9 million.

Key outflows included R109.8 million for loan repayments, R64.2 million in taxes reflecting the company's focus on reducing financial liabilities and ensuring regulatory compliance. Limited capital reinvestment of R3.6 million highlights the need to balance liquidity with future operational sustainability. The net inflow of R39.5 million in finance income further improved the cash position.

The improved cash balance reflects operational resilience, effective cash management, and strengthened financial position, enabling the company to navigate challenges and support strategic priorities.

CORPORATE GOVERNANCE **REPORT**



1. INTRODUCTION

The AEMFC ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices.

2. COMPLIANCE

The Board of Directors (the Board) believe that the company has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King IV Report on Corporate Governance for South Africa 2016 ("King IV" or the Code). The entity strives towards the spirit of the King Report on Corporate Governance for South Africa and has endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct and the Public Finance Management Act.

The entity has a formalised system of corporate governance as set out below.

3. GOVERNING BODIES

BOARD OF DIRECTORS

AEMFC has a unitary board structure made up of executive and non-executive directors, appointed by the shareholder. The Board meets at least once every quarter. The Board charges executive management with the day to day running of business, with the Board addressing a range of key issues to ensure that it retains the strategic direction of, and proper control over the entity. The non-executive directors are appointed on a three-year cycle and re-appointment is not automatic. The offices of the Board Chairperson and Chief Executive Officer, respectively, are separated.

In accordance with the Public Finance Management Act (Act No 1 of 1999), as amended, the Board is the accounting authority of the entity. In keeping with the recommendations of the King Report, the Board adopted a Board Charter which sets out the role of the Board as set out in the paragraph below.

The Board's primary responsibilities include the appointment of the Chief Executive Officer, determining the entity's objectives and values and giving strategic direction to the entity, taking effective and appropriate steps to ensure that key risk areas and key performance indicators of the entity's business are identified, monitoring the performance of the entity against agreed objectives, advising on significant financial matters and reviewing the performance of executive management against defined objectives and applicable industry standards, as well as:

- -Approving key policies, investments, risk management and relevant transactions that exceed managements' levels of authority;
- -Reviewing and approving the entity's strategy, objectives, and plans;
- -Considering and approving annual Financial Statements and submissions to the shareholder;
- -Ensuring adherence to good corporate governance and ethics;
- -Reviewing effectiveness of controls, and
- -Approval of the appointment of the sub-committees of the board.

Composition of Board for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Mr. Z.B. Swanepoel	Non-executive chairperson (Independent)	
Ms. D.R. Hlatshwayo	Non-executive (Independent)	
Ms. P. Mthombeni	Executive	Resigned 30 June 2023
Mr. L.A. Pitsoe	Executive	
Mr. S.K. Mthethwa	Executive Non-executive (Independent)	Appointed 1 November 2023
Mr MZT Masondo	Executive Non-executive (Independent)	
Ms. P.C. Motsielwa	Non-executive (Independent)	
Ms. J. Snyman	Non-executive	
Ms. D. Morabe	Non-executive	
Mr. K.J. Hodges	Non-executive (Independent)	
Mr. P.M. Madokwe	Non-executive (Independent)	

COMPANY SECRETARY

The Company Secretary provides the Board with guidance and advice on matters of business ethics and good governance, as well as on the nature and extent of their duties and responsibilities and how such duties and responsibilities should be properly discharged.

Each of the Directors have unrestricted access to the advice and services of the Company Secretary, entity information, and are entitled to seek independent professional advice, at the entity's expense in pursuance of their duties as Directors.

BOARD AUDIT AND RISK COMMITTEE

The company has a combined Board Audit and Risk Committee which fulfils the role of the statutory audit committee and risk management activities.

In terms of the Public Finance Management Act (Act No.1 of 1999 as amended S77(a) & (b)), at least four meetings a year should be held and the Board Audit and Risk Committee should consist of at least three members.

The Board Audit and Risk Committee held 13 meetings during the year. The Board Audit and Risk Committee consists of three independent non-executive members. The committee has agreed Terms of Reference as approved by the Board. The report of the Board Audit and Risk Committee for the financial year under review is included in these annual Financial Statements. The report sets out the responsibilities covered by the committee.

Composition of Board audit and risk committee (BARC) for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Ms. P.C. Motsielwa	Chairperson	
Ms. D.R. Hlatshwayo	Member	
Ms. J. Snyman	Member	
Ms. D. Morabe	Member	Resigned 20 February 2024
Mr. M.Z.T. Masondo	Member	Appointed 20 February 2024

BOARD INVESTMENT COMMITTEE

The Board Investment Committee assist the Board in managing its current portfolio of investments and advise the Board on investment opportunities. It will also advise the Board on opportunities to increase and optimize its return on investments of its current operational assets.

Composition of Board Investment Committee (BIC) for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Mr. K.J. Hodges	Chairperson	
Mr. M.Z.T. Masondo	Member	
Ms. J. Snyman	Member	
Mr. P.M. Madokwe	Member	

HEALTH, SAETY AND ENVIRONMENTAL SUB-COMMITTEE

The Health, Safety and Environmental Committee assists the Board in reviewing health, safety and environmental policies and standards applied at AEMFC.

Composition of the Health, Safety and Environmental Sub Committee for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Mr. M.Z.T. Masondo	Chairperson Member	Resigned 19 April 2023
Mr ZB Swanepoel	Member	
Ms. D. Morabe	Member	
Mr. P.M. Madokwe	Member	

REMUNERATION, SOCIAL AND ETHICS COMMITTEE (REMSEC)

This committee is chaired by an independent non-executive member and comprises of non-executive members appointed by the Board. The Chief Executive Officer, General Manager: Finance, General Manager: Corporate Services and the Chief Operations Officer attend the committee meetings by invitation.

The committee reviews and recommends annual staff remuneration, terms and conditions of employment, the payment of incentives and bonuses, general fringe benefits, remuneration policies and the appointment of senior staff.

SOCIAL AND ETHICS FOCUS AREAS

This committee is appointed in fulfilment of the provisions of the Companies Act. The core responsibility of this committee is to monitor the activities of the company in so far as it relates to the following: -

LABOUR AND EMPLOYMENT

Social and economic development Good corporate citizenship and Consumer relations, public relations and the environment, health, and public safety, including the impact of the Companies activities.

HUMAN CAPITAL FOCUS AREAS HOUSING AND LIVING CONDITIONS

The Mining Charter requires mining companies to implement measures to improve the standard of housing and living conditions for mineworkers. Our target is to facilitate home ownership options for all mine employees, in a sustainable settlement near the respective operation, in consultation with organized labour. A housing subsidy is currently paid to all unionised mine employees pending the housing development plan which will include a comprehensive property acquisition. One of the challenges we face is ensuring that there are enough houses around our remote operation, to house the skilled people we are working to attract and keep. This also affects our ability to attract and retain staff as many of them prefer to work closer to larger cities.

DEVELOPING TALENT

The underlying aim of our Human Capital Strategy is to establish the Company as an employer of choice. This approach facilitates individual growth as well as attraction and retention of talent.

Our current and future operations will require a wide range of skills including engineers, financial specialists, managers, artisans, skilled operators etc. Retaining these skills, developing them internally and adding to them through new recruits is an essential part of our growth path. This presents a particular challenge when developing new mines where we prefer to develop the skills we require in the employees we source from local communities.

Skills development initiatives within the company include learnerships, internal and external bursaries and study assistance.

LABOUR RELATIONS

AEMFC's approach to Human Capital is led by our values, rather than driven by compliance. The Labour Relations Act

regulates our approach to Human Capital and the Employment Equity Act guides how we manage diversity in the workplace. We follow a legal framework process that promotes compliance while harmonizing workplace practices through sound employee relations.

Maintaining positive labour relations is an important part of our business, including being a partner and employer of choice.

We recognize the current financial pressure on all levels of society, and we benchmark our salaries to ensure that our remuneration rates are competitive.

AEMFC respects our employees' right to collective bargaining.

Composition of Remuneration, Social & Ethics and Nomination Committee for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Ms. D.R. Hlatshwayo	Chairperson	
Mr. Z.B. Swanepoel	Member	Resigned 19 April 2023
Mr. P.C. Motsielwa	Member	
Mr. P.M. Madokwe	Member	

BOARD NOMINATIONS COMMITTEE

The Board Nomination Committee's duties include, but are not limited to, identifying and proposing potential candidates for membership on the AEMFC Board, both for initial appointment and for the re-appointment of non-executive directors nearing the end of their terms. Recommendations are rigorously evaluated based on candidates' performance, attendance records, conduct, and alignment with the Board's strategic imperatives, subject to shareholder consideration and approval. The Committee is also tasked with formulating and presenting targets to the Board pertaining to gender and racial diversity of the Board. Additionally, it oversees the development and execution of formal succession plans for critical leadership positions such as the chief executive officer and senior management appointments to ensure continuity and stability of the organisation.

Composition of the Board Nomination Committee for the financial year under review:

	TITLE	APPOINTED/RESIGNED
Mr. Z.B. Swanepoel	Chairperson	Appointed 19 April 2023
Mr. M.Z.T. Masondo	Member	Appointed 19 April 2023
Mr. P.C. Motsielwa	Member	Appointed 19 April 2023
Mr. K.J. Hodges	Member	Appointed 19 April 2023
Mr. D.R. Hlatshwayo	Member	Appointed 19 April 2023

4. MATERIALITY AND SIGNIFICANT FRAMEWORK

A materiality and significance framework is in place. Its purpose is to regulate disclosure of material facts to the Minister of Minerals Resources and Energy, disclosure in the entity annual Financial Statements and approval from the Minister of Minerals Resources and Energy for participation in certain transactions.

5. DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors of the entity are responsible for the entity's annual Financial Statements. The Auditor General of South Africa is responsible for performing an independent audit of the annual Financial Statements.

The annual Financial Statements and notes thereto are prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies are consistently applied except where otherwise stated, in which case full disclosure of changes is made.

The directors believe that the entity will continue as a going concern in the year ahead.

6. INTERNAL AUDIT

The company has an inhouse Internal Audit function which reports functionally to the Chairperson of the Board Audit and Risk Committee (BARC) and administratively to the Chief Executive Officer (CEO). The internal audit function has written Terms of Reference, approved by the Board annually. The internal audit function is under the control and direction of the Board. The internal audit function carries out its work in terms of an approved internal audit work plan based on the risk framework of the company. The annual work plan is approved by the Board Audit and Risk Committee. Internal audit has full access to the Chairpersons of the Board Audit and Risk Committee and the Board.

The key responsibilities of internal audit are to the Board and the Board Audit and Risk Committee in discharging its responsibilities by:

- Evaluating the company's governance processes including ethics;
- Performing an objective assessment of the effectiveness of the risk management and internal control framework;
- Systematically analysing and evaluating business processes and associated controls; and
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour, and irregularities.

The internal audit function adheres to the International Standards for Professional Practice of Internal Auditing and Code of Ethics. Internal audit developed and maintained a quality assurance and improvement program. The internal audit function is subjected to an external quality review at least every five years.

7. RISK MANAGEMENT

The company has an approved Risk Management Policy and Framework, which guides the management of risk. Detailed risk assessments at strategic and operational level are conducted and facilitated by the Risk and Compliance Function and mitigation plans are identified and implemented to promote sustainable business operations. Risk is managed at an operational level with departments maintaining their own risk registers, which are then consolidated at organization level to come up with key/strategic risks.

Significant progress has been made in addressing and managing these strategic risks. The Board Audit and Risk Committee reviews the risk management process and the effectiveness of the system of internal controls by considering the regular reports from management on key risks, mitigating actions and assertions. The Board Audit and Risk Committee also reviews internal auditors' reports on a quarterly basis to measure the effectiveness of internal controls, also considering combined assurance.

Our key/strategic risks relates to the following:

- Organizational sustainability
- Projects and infrastructure development and implementation
- Compliance with laws and regulations
- Human capital management
- Safety, health, and environment
- Operational capacity and effectiveness
- Stakeholder management and communication
- Environment, social and governance (ESG)
- Technology, cyber security, and information management

8. TECHNOLOGY AND INFORMATION GOVERNANCE

The Information and Communications Technology (ICT) Governance structures and processes are in place to manage the strategic and operational initiatives of AEMFC (SOC) Ltd. ICT Governance, Change Management, Incident Management and Problem Management guideline principles and processes are in place. We are in the process of restarting the ICT Steering Committee through the collaboration with ICT CEF group of companies. The ICT governance report is presented at EXCO and

at the weekly operations meetings and is further summarized for BARC on a quarterly basis. This ensured that the ICT function remained agile in aligning and responding to key business needs.

The ICT function successfully rolled out a number of critical solutions to enable the business operation during this financial year and optimize current systems in place. The rollout and implementation of the Microsoft Office 365 solution included the deploying a SharePoint Solution and migrating the email infrastructure into cloud. We successfully implemented an e-signature and e-procurement solution that contributes toward the ICT digital journey. To decrease the number of cyber security incidents, we were also able to deploy new firewalls.

A technical assessment was performed to provide a key understanding of the operations, Networks, applications, and core business landscape. The outcome of the assessment was key in the development of the ICT Strategy and the ICT Improvement Plan. that would involve replacing legacy technology infrastructure, upgrading the core business applications, and upgrade network capabilities to accommodate AI, IOT, and Robotics, as we embark in a digital journey.

We also went out to market for the ICT panel of service providers whereby services will be sourced for the improvement plan initiatives. This will be the key driver within the AEMFC to build resilience, stability, improvement, and innovation.

9. STAKEHOLDER RELATIONSHIPS

The company has several stakeholders whose management and engagement the AEMFC Board regards as critical towards its success. The AEMFC Board has delegated the responsibility of this engagement to the AEMFC CEO in line with the Communication and Stakeholder Management Policy of the company approved by the AEMFC Board. In addition, and in accordance with Principle 16 of the King IV Codes on Corporate Governance, the identified stakeholders and the engagement thereof is reported on a quarterly basis to the shareholder as part of the monitoring process.

Further, Executive Committee meetings held monthly address various stakeholder related matters including challenges and how these can be addressed. The year under review has concentrated mainly on the following:

- The securing of additional supply volumes to Eskom SOC Ltd, being the main customer,
- Engagement of labour unions as the company moved to owner mining from the contract model,
- Presentations to the Department to Minerals Resources and Energy on company progress financially and key projects including short, medium- and long-term objectives, and
- Reporting to the Parliamentary Portfolio Committee on Energy on AEMFC Strategy and key performance areas.

For the financial year 2023/24, the operational performance of the Vlakfontein Mine will continue to be an area of focus as the company continues to seek all necessary approvals to further implement the Vlakfontein extension, improve coal qualities and build on coal reserves for the Eskom CSA extension.

The company aims to diversify both its product offering and customer base to mitigate both product and customer concentration risk which prevails currently due to heavy reliance on Eskom as a sole customer. Further initiatives will also include the increasing of the mining assets through own mineral rights development, acquisitions of operating assets as they become available and explore opportunities for collaboration with other B-BBEE compliant companies in the mining space. The commodity diversification strategy continues to be an area of focus, thus constant engagements with the DMRE continue, a collaborative relationship with the Council for Geosciences is underway and engagements with project promoters for mineral diversification continues to be explored.

AUDIT AND RISK COMMITTEE REPORT



1. MANDATE

The Board Audit and Risk Committee (BARC) is pleased to present the report in terms of the requirements of the Public Finance Management Act (PFMA), the Companies Act (section 94(7)(f)) and in accordance with the King Code of Governance Principles for South Africa for the financial year ended 31 March 2024. The Board Audit and Risk Committee was constituted as a Committee of the Board to fulfil statutory duties in terms of Section 51(1)(a) (ii), Section 76 and Section 77 of the PFMA, read together with Treasury Regulation 27 and Section 94(7) of the Companies Act, as well as all other duties assigned to it by the Board.

The role of the Committee is defined in the Board Audit and Risk Committee's detailed charter, which is approved by the Board of Directors (Board). It covers, among others, its statutory duties and assistance to the Board with the oversight of financial and non-financial reporting and disclosure, the internal control system, risk management, internal and external audit functions, and combined assurance, including information technology governance.

The Committee reports that it has regulated its affairs in compliance with its mandate and has discharged all its responsibilities contained therein.

2. BOARD AUDIT AND RISK COMMITTEE MEMBERS - MEETING ATTENDANCE AND ASSESSMENT

The Board Audit and Risk Committee comprises of three independent non-executive directors who are duly elected through its parent company CEF SOC Ltd (CEF) in line with legislative requirements. The Committee held thirteen (13) meetings, including special meetings during the year under review and all quorum requirements were accordingly met. The Chief Executive Officer, Chief Financial Officer, Chief Audit Executive, Internal Audit Manager, and other key executive management are required to attend all meetings of the Board Audit and Risk Committee. In addition, the representatives from the Office of the Auditor-General of South Africa have a standing invitation to attend all committee meetings. The external auditors also attend BARC meetings and have unrestricted access to all Committees of the Board that deal with audit and/or risk issues. Both external and internal auditors are able to meet with the BARC in the absence of management as and when the need arises. The effectiveness of the Committee and its individual members are assessed on an annual basis.

3. ROLES AND RESPONSIBILITIES

In the conduct of its duties the committee has, inter alia, reviewed the following functions:

3.1. FINANCE ACTIVITY AND FINANCIAL STATEMENTS

The Board Audit and Risk Committee has reviewed the expertise, competence, and experience of the Finance function.

The Board Audit and Risk Committee have reviewed the accounting policies and the financial statements of the company and are satisfied that they are appropriate and comply with International Financial and Reporting Standards (IFRS). The review included the following:

- Review and discussing the annual financial statements to be included in the annual report with the Auditor-General of South Africa and the Chief Executive Officer's reports.
- Review of the entity's compliance with legal and regulatory provisions.
- Review of the Auditor-General of South Africa's management report and management's response thereto.
- Review of the changes in accounting policies and practices.
- Review of the significant adjustments resulting from the audit.

The 2022/23 external audit resulted in a modified opinion (disclaimer of an opinion). This led to the following actions and considerations to ensure an improvement during the 2023/24 external audit:

- Management action plan to resolve the issues.
- Appointment of key executives, Chief Financial Officer for the vacant position
- Review of the internal audit and finance unit structures
- Focus on improving the resolution of prior year audit findings.
- Review and recommendation for approval of key policies and procedures.
- IT systems improvements

3.2. INTERNAL FINANCIAL CONTROLS

The Board Audit and Risk Committee has overseen a process by which internal audit performed a review of the effectiveness of the company's system of internal control and risk management, including internal financial controls.

The review by internal audit formed the basis for the Board Audit and Risk Committee's recommendation in this regard to the Board, for the Board to report thereon.

During the financial year 2023/24, BARC

- Reviewed the entity's system of financial control as well as the assurance from management, internal audit, and external audit (Auditor-General of South Africa)
- Reviewed significant matters as reported by internal audit.
- Reviewed and recommended policies and procedures on internal controls and compliance

Based on the processes, procedures and assurances obtained from various assurance, the BARC believes that the significant internal financial controls are partially effective.

3.3. WHISTLE BLOWING AND FRAUD

The Committee reviews reports submitted relating to the Whistle blowing hotline toll free number, all matters that were identified in the year under review and are currently under investigation.

During the 2023/24 financial year BARC reviewed the Whistle Blowers' policy and recommended it to Board for approval.

3.4. INTERNAL AUDIT

The internal audit function is responsible for reviewing and providing independent assurance on the adequacy and effectiveness of the internal control environment across operations. Internal audit is responsible for reporting the internal audit work against the agreed internal audit plan to the committee on a quarterly basis.

Internal audit has direct access to the Board Audit and Risk Committee, primarily through its Chairperson. The Committee is also responsible for the assessment of the performance of the internal audit function. The internal audit is independent and is currently staffed by the Internal Audit Manager and two Internal Auditors. To supplement its resources, a co-source arrangement has been entered into with various service providers. The Internal Audit Manager reports functionally to the BARC and administratively to the CEO.

The committee considered the Internal Audit Charter, Annual Audit Plan and three-year rolling plan, alignment of the audit plan with company risks, the independence and the effectiveness of the function, internal audit reports, management action plans and the coordination with external auditors, and serves as the link between the Board and these functions.

- Approved the 2023/24 Internal Audit Plan and three-year rolling plan.
- Reviewed and approved the Internal Audit Charter
- Reviewed the internal audit capacity(resourcing) to ensure it can discharge its duties per the internal audit charter.
- Assessed the independence of the internal audit function.
- Assessed the effectiveness of the internal audit function.
- Considered the Internal Audit Quarterly reports relating to the effectiveness of the entity's internal control environment, systems, and processes together with the adequacy and appropriateness of the related Management Corrective Action Plans
- Resolution status of prior year issues raised by both Internal audit and external auditors.
- Considered the Quality Assessment Review progress.

The committee received no complaints relating to the independence and objectivity of the internal audit or any other related matter. The Committee is partially satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the company in its audits.

3.5. EXTERNAL AUDIT

The Board Audit and Risk Committee is responsible for overseeing the activities of the external auditors, that is, the Auditor-General of South Africa.

The following was considered in relation to the external auditors:

- Considered the 2022/23 draft Annual Financial Statements (AFS) and recommended them to the Board.
- Noted the going concern assessment in the AFS was appropriate.
- Considered the Auditor-General of South Africa Engagement Letter and Audit Strategy for 2022/23 external audit.
- Reviewed and noted the 2022/23 Audit Report and Management Letter containing findings and recommendations.

BARC is satisfied with the Auditor-General of South Africa independence.

3.6. INTERNAL CONTROL EFFECTIVENESS

The Board Audit and Risk Committee has noted that the system of internal controls that is in place needs to be reviewed on an on-going basis and improved to ensure the system of internal controls is appropriate in all material respect to:

- Meeting the strategic objectives of the entity.
- Evaluating and mitigating the key risks facing AEMFC.
- Ensuring compliance with applicable laws and regulations.
- Ensuring that AEMFC's assets are safeguarded; and
- Ensuring that transactions undertaken are correctly recorded in AEMFC's accounting records.

Internal and external audit provides the Board Audit and Risk Committee with reasonable assurance that the internal controls are adequate and effective. Internal Audit assessment of the 2023/24 financial year control environment is inadequate. From the various reports of the internal and external auditors, we noted that significant matters which indicated material deficiencies in the system of internal control have been brought to management's attention and corrective measures are being implemented.

3.7. RISK MANAGEMENT AND COMBINED ASSURANCE

The Board Audit and Risk Committee monitored the significant risks faced by the company through reviewing risk reporting and participation in the strategic risk assessment workshop. A formal risk assessment was undertaken for the year ended 31 March 2024 with quarterly reviews, updates, and reports. BARC considered new and emerging risks including financial sustainability, stakeholder management, and ESG for inclusion in the strategic risk register.

The Combined Assurance Model is an essential tool used by the Board Audit and Risk Committee and Board of Directors for an opinion on the adequacy of risk management and internal controls. Currently, the Combined Assurance Model at AEMFC recognises three levels of assurance.

During the 2023/24 financial year the committee participated in various risk activities and satisfied itself that the following key areas have been included and are acted upon as part of the strategic risk:

- Compliance and fraud risks
- Internal financial control risk
- IT related risks

We are satisfied that the mitigations for the significant risks are being implemented.

3.8. COMPLIANCE

The committee considered the risks relating to legal and compliance within the entity to ensure management responded to them. The following were considered during the financial year:

- Review of key compliance policies like the Supply Chain Management policy, Protection of Personal Information policy, Contract Management policy, and other recommending them to the Board.
- Ensuring compliance risk is elevated to a strategic risk level.

3.9. INFORMATION AND TECHNOLOGY (IT) GOVERNANCE

The Board Audit and Risk Committee noted during the 2023/24 financial year that Information and Communication Technology needs to be elevated and given attention. Review of Information and Communication Technology (ICT) systems should be an ongoing process with the involvement of Internal Audit. Internal Audit reviewed the following: - General control, Vulnerability Assessment, and Disaster Recovery during the financial year.

The following were considered during the year under review:

- Review and approval of the ICT Strategy
- Review and approval of the Strategic Implementation plan.
- ICT department structure review
- Quarterly ICT reports and Cyber security updates
- IT risks as part of the risk assessment workshop.

The committee is satisfied that ICT programme put in place will respond to the entity's operational requirements.

3.10. OTHER MATTERS

The committee considered the following during the 2023/24 financial year:

- Reported to the Board on its activities.
- Reviewed the BARC Terms of Reference and Annual Work plan for recommendation to the Board of Directors

4. AUDIT OUTCOME 2023-24

AEMFC managed to improve the external audit outcome from a disclaimer to an unqualified audit opinion. The committee notes the effort to improve the outcome. There are, however, still areas that require further attention to deliver an absolute positive report given the improvements required in the overall control environment and the continued focus required in the compliance space linked to procurement, and Irregular, fruitless and wasteful expenditure.

The committee evaluated the AEMFC annual financial statements and the performance report for the year ended 31 March 2024. Based on the information provided they comply, in all material respects, with the requirements of the Companies Act, the PFMA and IFRS.

The Committee concurs and accepts the conclusions of the external auditor (Auditor-General of South Africa) on the 2023/2024 annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the auditors' report. We would also like to thank the Auditor-General of South Africa for its support during the audit process and their contribution in working with management to the achievement of the reporting timelines.

5. KEY FOCUS AREAS FOR 2024/25

During the 2024/2025 the committee will focus on the following:

- Monitor the financial sustainability and going concern of the entity.
- Execution of Key Capital Projects and procurement.
- Improvement of internal control environment.
- Risk mitigation and ICT improvement.
- Continuous improvement of compliance with laws and regulations.
- Resolution of prior year audit findings.
- Maintenance and improvement of the audit outcome.
- Monitor conformance of the internal audit unit with the IIA Standards.

The Committee members express their sincere appreciation to the Board, Chief Executive Officer, Management, Internal Audit, and the Auditor-General of South Africa. The committee is satisfied that it fulfilled the responsibilities in its terms of reference for the reporting period.



Ms PC Motsielwa

Chairman Audit and Risk Committee

DIRECTORS' RESPONSIBILITIES AND APPROVAL



The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. In light of their duty under the Public Finance Management Act (PFMA) Section 55(2) (a) to ensure that the Financial Statements accurately reflect the state of affairs, business operations, financial results, and financial position of the public entity as of the fiscal year-end, the directors have approved the restatement of the previously reported 2023 Financial Statements. 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. In light of their duty under the Public Finance Management Act (PFMA) Section 55(2)(a) to ensure that the Financial Statements accurately reflect the state of affairs, business operations, financial results, and financial position of the public entity as of the fiscal year-end, the directors have approved the restatement of the previously reported 2023 Financial Statements. and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of

risk management in the company is on identifying, assessing, managing, and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's Financial Statements. The Financial Statements have been examined by the company's external auditors and their report is presented on pages 19 to 28.

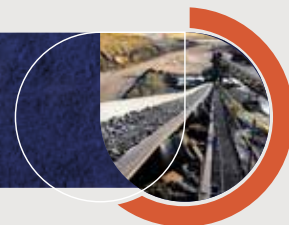
The Financial Statements including the restatements of the previously reported 2023 Financial Statements are set out on page 29, were prepared on the going concern basis, have been approved by the board of directors on 30 July 2024. The Financial Statements were signed on their behalf by:

Mr ZB Swanepoel

Independent Non-Executive
Chairperson

Ms PC Motsielwa

CERTIFICATE BY **COMPANY SECRETARY**



In my capacity as Company Secretary, in terms of Section 88(2)(e) of the Companies Act 71 of 2008 (“the Act”), as amended, I hereby confirm except where otherwise mentioned in the annual financial statements for the year ended 31 March 2024 that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

.....
Mr T Piyose

Company Secretary

REPORT OF THE **AUDITOR-GENERAL**



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE AFRICAN EXPLORATION MINING AND FINANCE CORPORATION SOC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the African Exploration Mining and Finance Corporation SOC Limited set out on page 29 to 80, which comprise the statement of financial position as at 31 March 2024, statement of profit or loss, statement of changes in equity and statement of cash flows, as well as notes to the financial statements, including material accounting policy information.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of African Exploration Mining and Finance Corporation SOC Limited as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2024.

IRREGULAR EXPENDITURE

8. As disclosed in note 36 to the financial statements, irregular expenditure of R415 913 000 (2023: R277 441 000) was incurred, as a proper supply chain management process was not followed.

IMPAIRMENTS – INVESTMENT IN ASSOCIATE

9. As disclosed in note 27 to the financial statements, material losses of R85 259 000 were incurred as a result of loss in shareholder's value.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of PFMA and the Companies Act of South Africa; and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 26, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following strategic objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected strategic objectives that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

STRATEGIC OBJECTIVES	PAGE NUMBERS	PURPOSE
An efficient, reliable and financially sustainable business	2	Improving the business to drive efficient cost structures and service delivery
Strategic growth through partnership	3	Collaborating to expand AEMFC's current markets and diversifying across the markets of the future

16. I evaluated the reported performance information for the selected strategic objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned

objectives

- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
 19. The material findings on the reported performance information for the selected strategic objectives are as follows:

AN EFFICIENT, RELIABLE AND FINANCIALLY SUSTAINABLE BUSINESS

RETURN (DIVIDEND OR SHARES DISPOSAL) REALISED FROM ASSOCIATES (AFRICAN ROYALTY MINERALS)

20. An achievement of 'no divestment from African Royalty Minerals' was reported against a target of 'divestment from African Royalty Minerals'. However, the target had not been clearly defined during the planning process, as the level of measure is reflected as 'dates' when divestment will take place, which was not reflected as part of the target. Consequently, the target is not useful for measuring and reporting on progress against the entity's planned objectives.

STRATEGIC GROWTH THROUGH PARTNERSHIP VARIOUS INDICATORS

21. Achievements were reported against various targets but these targets had not been clearly defined during the

planning process. Consequently, the targets are not useful for measuring and reporting on progress against the entity's planned objectives.

INDICATOR	TARGET	DETAIL
Coal Export volumes (or sales)	DMRE quattro scheme allocation revenue	The target had not been clearly defined as the level of measure is reflected as DMRE Quattro allocation revenue and not the number of coal volumes exported
Secure Prospecting and Mining Rights for Digital and Energy Transition Minerals	Number of Prospecting and Mining Rights Applications Lodged	The target had not been clearly defined as the level of measure is reflected as 'number of prospecting and mining rights applications lodged' and not a specific number (e.g. 10) of prospecting and mining rights applications lodged

22. Furthermore, an achievement of 10 valid prospecting rights lodged at various stages of the required environmental assessment and consultation studies to support the applications for prospecting rights' was reported against a target of 'number of prospecting and mining rights applications lodged'. However, the audit evidence showed the actual achievement to be zero. Consequently, the target was not achieved.

OTHER MATTERS

23. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.
25. The table that follow provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages XX to XX.

AN EFFICIENT, RELIABLE AND FINANCIALLY SUSTAINABLE BUSINESS

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Realise Dividends or Divestment flows from Associates	Divestment from African Royalty Minerals	Not achieved No divestment from African Royalty Minerals.

STRATEGIC GROWTH THROUGH PARTNERSHIP

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Diversify into coal export markets through Quattro Scheme Allocation	DMRE Quattro Scheme Allocation revenue	Not Achieved 248,167 tonnes exported
Develop AEMFC Projects to increase coal supply to Eskom (JV Partnerships, Acquisitions or Eskom RFQs)	Secure Eskom CSA for Klippoortjie Mine and/or its approval as a rectification source for Eskom.	Not Achieved Eskom CSA for Klippoortjie Mine is currently in the negotiation process.

MATERIAL MISSTATEMENTS

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for strategic growth through partnership and for an efficient, reliable and financially sustainable business. Management did not correct all of the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

31. The financial statements submitted for auditing were not

fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets, current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

32. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 36 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure was caused by non-compliance with procurement processes when awarding quotations and competitive bids.
33. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 36 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. Most of the fruitless and wasteful expenditure was caused by duplicate payments to suppliers.

PROCUREMENT AND CONTRACT MANAGEMENT

34. Some goods, works or services were not procured through a procurement process that is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

OTHER INFORMATION IN THE ANNUAL REPORT

35. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those strategic objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report or

my knowledge obtained in the audit, or otherwise appears to be materially misstated.

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
41. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. Management did not ensure that indicators were well defined and measurable. There were also weaknesses in internal controls and shortcomings in the review processes that had to prevent, detect and correct material misstatements in the annual performance report and annual financial statements.
42. Leadership and management of the entity did not exercise adequate oversight over performance reporting and compliance with legislation.
43. Management was slow to address the drivers of non-compliance with laws and regulations.

Auditor General
Pretoria

31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic objectives and on the entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

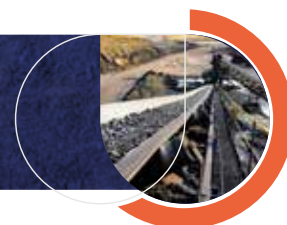
COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

SELECTED LEGISLATION AND REGULATIONS	CONSOLIDATED FIRM LEVEL REQUIREMENTS
Public Finance Management Act 1 of 1999	Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); Section 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); Section 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); Section 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); Section 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); Section 86(4); 88(2)(d); 112(2)(a); 129(7)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024



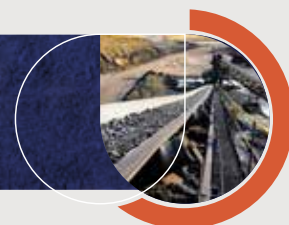
		2024	2023
	NOTE(S)	R '000	Restated*
		R '000	R '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	348 678	423 843
Intangible assets	5	768	1 140
Investments in associates	6	54 741	140 000
Deposits	9	12 013	11 933
Prepayments	10	104	207
		416 304	577 123
CURRENT ASSETS			
Inventories	11	84 362	57 542
Trade and other receivables	7	119 916	303 094
Prepayments	10	104	104
Cash and cash equivalents	12	532 545	437 766
		736 927	798 506
Total Assets		1 153 231	1 375 629
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	4	4
Retained income		664 341	599 909
		664 345	599 913
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from group companies	14	208 899	208 899
Lease liabilities	15	20 128	24 547
Deferred tax	16	27 602	44 291
Provisions	17	63 596	65 839
		320 225	343 576
CURRENT LIABILITIES			
Trade and other payables	18	134 427	302 359
Loans from group companies	14	-	109 813
Lease liabilities	15	4 419	3 520
Current tax payable	19	29 212	16 448
Provisions	17	603	-
		168 661	432 140
Total Liabilities		488 886	775 716
Total Equity and Liabilities		1 153 231	1 375 629

* See Note 2 & 33

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STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2024

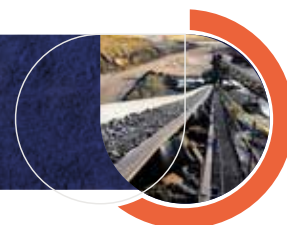


		2024	2023
		R '000	Restated*
	NOTE(S)	R '000	R '000
Revenue	20	2 536 981	1 424 473
Cost of sales	21	(2 173 983)	(1 182 289)
Gross profit		362 998	242 184
Other operating income	22	26 972	29 028
Other operating gains	23	-	929
Movement in credit loss allowances	24	(904)	(4 567)
Employee costs	24	(85 888)	(79 951)
Other operating expenses	24	(123 900)	(85 909)
Operating profit	23&24	179 278	101 714
Investment income	25	47 641	17 429
Finance costs	26	(16 991)	(18 150)
Other non-operating losses	27	(85 259)	-
Profit before taxation		124 669	100 993
Taxation	28	(60 237)	(30 810)
Profit for the year		64 432	70 183

* See Note 2 & 33

STATEMENT OF CHANGES IN EQUITY

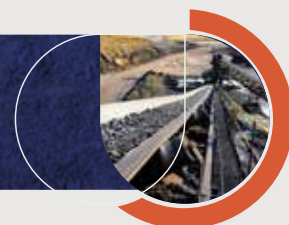
FOR THE YEAR ENDED 31 MARCH 2024



	Share capital R '000	Retained income R '000	Total equity R '000
Balance at 01 April 2022	4	529 749	529 753
Profit for the year	-	52 594	52 594
Opening balance as previously reported	4	582 343	582 347
Adjustments			
Prior year error adjustments	-	17 586	17 586
Restated* Balance at 01 April 2023	4	599 909	599 913
Profit for the year	-	64 432	64 432
Balance at 31 March 2024	4	664 341	664 345
Note(s)	13&17		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024



		2024	2023
		R '000	Restated*
	NOTE(S)		R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		124 669	100 993
Adjustments for non-cash items:			
Depreciation	4	66 269	76 846
Amortisation	5	372	379
Assets written off	4	4 129	-
Inventory write-down	11	4 421	-
Prepayment amortisation	10	104	104
Impairment of investment in associate	27	85 259	-
Movement in expected credit loss allowance	7	904	4 567
Impairment of property, plant and equipment	4	-	623
Profit from sale of assets	23	-	(929)
Movement in provision	17	603	-
Other non-cash item included in profit or loss		-	(29)
Adjust for items which are presented separately:			
Interest income	25	(47 641)	(17 429)
Finance costs	26	16 991	18 150
Changes in working capital:			
(Increase) decrease in inventories	11	(31 241)	4 879
(Increase) decrease in trade and other receivables	7	182 274	(246 268)
Increase (decrease) in trade and other payables	18	(167 932)	213 919
Cash generated from operations		239 181	155 805
Interest income	25	47 641	17 429
Finance costs	26	(8 112)	(9 797)
Tax paid	29	(64 162)	(15 146)
Net cash from operating activities		214 548	148 290
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(3 635)	(10 193)
Proceeds from sale of property, plant and equipment		-	1 256
Increase in deposits	9	(80)	(50)
Net cash from investing activities		(3 715)	(8 987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans from group companies	14	(109 813)	(9 223)
Cash repayments on lease liabilities	15	(6 241)	(23 833)
Net cash from financing activities		(116 054)	(33 056)
Total cash movement for the year		94 779	106 247
Cash and cash equivalents at the beginning of the year		437 766	331 519
Cash and cash equivalents at the end of the year		532 545	437 766

* See Note 2 & 33

ACCOUNTING POLICIES



1. MATERIAL ACCOUNTING POLICIES

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these Financial Statements.

1.1 BASIS OF PREPARATION

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

The 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 Financial Statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 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:

GOING CONCERN

Management considers key financial metrics in its approved medium-term budgets, together with its existing term facilities, to conclude that the going concern assumption used in compiling the annual Financial Statements is relevant.

CLASSIFICATION OF JOINT ARRANGEMENTS

Judgement is required to determine when the company has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement.

Judgement is also required to classify a joint arrangement as either a joint operation or joint venture. Classifying the arrangement requires the company to assess their rights and obligations arising from the arrangement.

Specifically, the company considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle,
- The rights and obligations arising,
- The legal form of the separate vehicle, and
- The terms of the contractual arrangement.

The company has joint control over Pan African Mineral and Development Company (Pty) Ltd (PAMDC) because the contractual arrangements set out that decisions relating to relevant activities can only be taken by unanimous consent of all parties to the arrangement. PAMDC (Pty) Ltd is an arrangement structured through a separate vehicle and the parties to the contractual arrangement have rights to the net assets of the arrangement. PAMDC (Pty) Ltd is assessed as a joint venture.

TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing then recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

KEY SOURCES OF ESTIMATION UNCERTAINTY

DEVELOPMENT EXPENDITURE

Development activities commence after project sanctioning by the appropriate level of management. Judgment is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

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

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE INVENTORY

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Management have made estimates of the selling price and the estimated of production costs and cost to sell on certain inventory items. Where an impairment is necessary, inventory items are written down to net realisable value.

FAIR VALUE ESTIMATION

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

IMPAIRMENT TESTING

Impairment tests are performed when there is an indication of impairment of assets or a reversal of previous impairments of assets. Management therefore has implemented certain impairment indicators, and these include movements in exchange rates, commodity prices and the economic environment its businesses operate in. Estimates are made in determining the recoverable amount of assets which include the estimation of cash flows and discount rates used. In estimating the cash flows, management base cash flow projections on reasonable and supportable assumptions that represent managements' best estimate of the range of economic conditions that will exist over the remaining useful life of the assets, based on publicly available information. The discount rates used are pretax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT

Management assesses the appropriateness of the useful lives of Property, plant, and equipment at the end of each reporting period. Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life- of-mine production. The life of each asset, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located.

EXPLORATION AND EVALUATION EXPENDITURE

The company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of profit or loss.

INVENTORY

Coal stocks are measured using survey methods. At reporting date an independent surveyor is utilised to perform the stock measurement concurrently with the company and the results are compared for reasonableness.

RECOVERABLE AMOUNT OF MINING ASSETS AND DEPRECIATION

The recoverable amounts of mining assets are generally determined utilising discounted future cash flows. Management also considers such factors as the market capitalisation of the company, the quality of the individual ore body and the country risk in determining the recoverable amount.

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future is different from current forecast production based on proved and probable mineral resources. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral resources.

Factors could include:

- Changes in proved and probable mineral resources;
- The grade of mineral resources may vary significantly from time to time;
- Differences between actual commodity prices and commodity price assumptions;

- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in mineral resources which could similarly affect the useful lives of assets depreciated on the straight line basis, where those lives are limited to the life of the mine.

ENVIRONMENTAL REHABILITATION PROVISION

Rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation. The factors affecting the ultimate liability payable include the extent and cost of rehabilitation activities, technology changes, regulatory changes, cost increases and changes in inflation and discount rates. Changes in estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation provision and the asset.

INCREMENTAL BORROWING RATE

In determining the present value of future lease payments for purposes of applying IFRS16 (refer to note 1.12 for more details) the company uses the incremental borrowing rate. In determining the incremental borrowing rate, management considers the term of the lease, the nature of the asset being leased, and the funding strategy and principles applied by the company.

1.3 EXPLORATION AND EVALUATION EXPENDITURE

Pre-license costs relate to costs incurred before the company has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical, and geophysical studies;
- exploratory drilling, trenching, and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure incurred in relation to desktop and concept studies are charged to the statement of profit or loss. The desktop and concept studies are high level studies to estimate tonnage available and potential mine size.

Upon the approval of the concept study competent persons report, (at which point the company considers it probable that economic benefits will be realised), the company capitalises any further expenditure incurred for the particular license as exploration and evaluation assets. Such expenditure consists of an accumulation of direct exploration and evaluation costs incurred, together with an appropriate portion of overhead expenditure. Administration costs that are not directly attributable to a specific exploration area are charged to the statement of profit or loss. Expenditure incurred after technical feasibility and commercial viability of extracting the mineral resource have been demonstrated are not capitalised to exploration and evaluation assets.

Capitalised exploration and evaluation expenditure is recognised as an intangible asset and is carried at cost less impairment charges. In determining whether the cost of the exploration and evaluation assets is intangible or Property, plant, and equipment, consideration is given to the substance and not legal form.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. When a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a

cash generating unit) to which the exploration is attributed. Exploration areas in which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the statement of profit or loss.

1.4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment represent tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Operating assets are all the assets that are directly used in the extraction and processing of coal.

Property, plant, and equipment is initially measured at cost. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets, borrowing costs.

Property, plant, and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated.

COST

Cost includes all costs directly attributable to bringing the assets to the working condition for their intended use. Improvements are capitalised. Maintenance, repairs, and renewals which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income. The cost of self-constructed assets includes expenditure on material, direct labour, and an allocated proportion of project overheads. Costs capitalised for work in progress in respect of activities to develop, expand or enhance items of Property, plant, and equipment are classified as part of assets under construction.

Cost also includes the estimated costs of dismantling and removing the asset and environmental rehabilitation costs to the extent that they relate to the construction of the asset. Capitalisation of costs ceases when the item of Property, plant, and equipment is ready for use.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in Property, plant, and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of Property, plant, and equipment are accounted for as Property, plant, and equipment. Major inspection costs which are a condition of continuing use of an item of Property, plant, and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of Property, plant, and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Finance costs directly associated with the construction or acquisition of major assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of borrowings is utilised.

DERECOGNITION

The carrying amount of an item of Property, plant, and equipment is derecognised on disposal or when no future economic benefits are expected from its use.

The gain or loss arising from the derecognition of an item of Property, plant, and equipment is included in statement of profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of Property, plant, and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using the straight-line method to write off the cost of each asset that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation commences once the item of Property, plant, and equipment is available for intended use.

When plant and equipment comprise major components with different useful lives, these components are accounted for as separate items.

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land	Not depreciated	
Buildings	Straight-line	5 - 40 years
Operating assets	Straight-line	3 - 20 years
Furniture and fixtures	Straight-line	2 - 20 years
Motor vehicles	Straight-line	4 - 15 years
IT equipment	Straight-line	3 - 16 years
Right of use asset - Machinery	Straight-line	5 years
Mine infrastructure	Straight-line	5 - 30 years (limited to the
Right of use asset - Buildings	Straight-line	life of mine) 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. Should there be any change in these estimates, the effect of the change is accounted for prospectively as a change in accounting estimate.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. The methods of depreciation, useful lives and residual values are reviewed annually.

COMPENSATION FROM THIRD PARTIES

Compensation from third parties for items of Property, plant, and equipment that were impaired, lost or given up shall be included in profit or loss when the compensation becomes receivable.

ASSETS WRITTEN OFF

Assets written off are those that are damaged or not in good working condition and they are written off in the statement of profit or loss and other comprehensive income and assessment is done annually.

DEVELOPMENT EXPENDITURE

When proved reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as assets under construction, and is disclosed as a component of Property, plant, and equipment. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied. Development expenditure is net of proceeds from the sale of minerals extracted during the development phase. On completion of development, all assets included in assets under construction are reclassified as mine infrastructure assets.

The cost capitalized includes finance costs incurred until the production facility is completed and ready for the start of the production phase

Expenditure on producing mines is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable mineral reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

Impairment tests were performed in response to indicators of impairment for motor vehicles. Refer to note 4.

1.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost.

Research expenditure relating to gaining new technical knowledge and understanding is recognised in profit or loss when incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial, and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Amortisation shall begin when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The company has not recognised its internally generated brands as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight-line	2 - 15 years
Exploration and evaluation assets	Straight-line	Not depreciated - Asset not available for use

The useful life and amortisation method of intangible assets are reviewed at the end of each reporting period. No material changes were made.

There were no indicators of impairment for intangible assets and no impairment tests were performed.

1.6 INVESTMENTS IN ASSOCIATES

Investments in associates are carried at cost less any accumulated impairment losses.

1.7 INVESTMENTS IN JOINT VENTURES

Investments in joint ventures are carried at cost less any accumulated impairment losses.

1.8 SITE RESTORATION AND DISMANTLING COST

The company has an obligation to dismantle and remove [State the asset e.g. mining equipment] and to restore the site in which it is located. The initial estimate of the costs of dismantling, removal and restoration have been included in Property, plant, and equipment and a provision has been raised.

Changes to the provision are added to or deducted from the cost of the underlying asset. However, deductions in excess of the carrying amount of the asset are included in profit or loss to the extent of the excess.

1.9 FINANCIAL INSTRUMENTS

Financial instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The material accounting policies for each type of financial instrument held by the company are presented below:

TRADE AND OTHER RECEIVABLES

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the Impairment - Expected credit losses and write offs accounting policy below.

IMPAIRMENT - EXPECTED CREDIT LOSSES AND WRITE OFFS

Loss allowances are recognised for expected credit losses on trade and other receivables.

The company measures the loss allowance for trade and other receivables using a simplified approach at an amount equal to the lifetime expected credit losses (lifetime ECL).

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The company writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

BORROWINGS AND LOANS FROM RELATED PARTIES

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

TRADE AND OTHER PAYABLES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and cash on hand and short-term highly liquid deposits, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

DERECOGNITION

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.10 TAX

CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

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

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

TAX EXPENSES

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.11 LEASES

The company assesses whether a contract is, or contains a lease, at the inception of the contract. No contracts were identified that required specific judgement as to whether they contained leases. Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

A lease of an asset is considered low value if it is under R 100 000.

LEASE LIABILITY

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

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

RIGHT-OF-USE ASSETS

Right-of-use assets are presented within Property, plant, and equipment on the Statement of Financial Position. They are measured initially at the initial amount of the lease liability plus upfront payments and initial direct costs. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated, from commencement date, over the shorter period of lease term and useful life of the underlying asset.

Refer to the accounting policy for Property, plant, and equipment for details of useful lives of underlying assets.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

COMPANY AS LESSOR

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

OPERATING LEASES

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease.

1.12 INVENTORIES

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of a provision for obsolescence.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONSUMABLE STOCK

These inventories are measured at the lower of cost on a weighted average cost basis or net realisable value. Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

COAL INVENTORY

Inventory is measured at the lower of cost or net realisable value according to the weighted average method. Cost includes expenditure incurred in extracting and crushing the inventory.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Conversion costs include an allocated portion of mining and production overheads and depreciation which are directly attributable to the cost of producing such inventory.

The costs attributable to any inefficiency in production are charged to the income statement as incurred. The cost of inventories is valued using the weighted average cost formula.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised

1.13 PROVISIONS AND CONTINGENCIES

A provision for environmental rehabilitation is recognized when there is a present obligation resulting from exploration, development, or mining activities. This recognition occurs when it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably.

The restoration activities encompassed by this provision include:

- Dismantling and removing structures,
- Demolishing building structures,
- Rehabilitating access roads,
- Restoring mines and water management systems,
- Dismantling operating facilities,
- Closing plants and waste sites, and
- Restoring, reclaiming, and revegetating affected areas.

The provision for future rehabilitation costs represents the best estimate of the present value of expenditures required to fulfil the rehabilitation obligation as of the reporting date. This estimate is based on current legal and regulatory requirements, as well as available technology. The estimated future rehabilitation costs are reviewed annually, and any changes are reflected in the present value of the rehabilitation provision at each reporting date.

The initial estimate of the rehabilitation provision related to exploration, development, and mining activities is capitalised as part of the cost of the associated asset and depreciated or amortised on the same basis as the asset. Changes in the estimated provision are treated similarly, except that the unwinding of the discount on the provision, where applicable, is recognized as a finance cost rather than being capitalized as part of the asset's cost.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.14 REVENUE FROM CONTRACTS WITH CUSTOMERS

The company recognises revenue from the following major sources:

- Sale of coal
- Rendering of coal delivery service

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

The company identifies the contract when both the client and the company have accepted the terms of the agreement. The contract will also identify all the services (performance obligations) the company will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The company recognises the revenue once the performance obligation is satisfied, at a point in time.

The company derives revenue from contracts with customers for the supply of goods and rendering of services. Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control of the goods or services to a customer. The company has applied the practical expedient in IFRS 15.63 (which states that an entity is not required to reflect the time value of money in its estimate of the transaction price if it expects at contract inception that the period between customer payment and the transfer of goods or services will not exceed 12 months). Generally, the period between delivery of goods or services and receipt of payment ranges up to 30 days which is less than 12 months. Accordingly, the company does not adjust the promised amount of consideration for the effects of a significant financing component. The total consideration in the service contracts will be allocated to all services per the contract based on their standalone selling prices. The standalone selling prices will be determined based by the price agreed in writing with the customer. The price for goods is agreed with customer based on confirmed energy derived from coal supplied to customer.

Below is a summary of the different types of revenue derived by the group depicting the standard terms and performance obligations for each type:

REVENUE TYPE	PERFORMANCE OBLIGATION	TIMING OF WHEN PERFORMANCE OBLIGATION IS SATISFIED	PAYMENT TERMS	TYPES OF WARRANTIES, OTHER OBLIGATIONS, OBLIGATION FOR RETURNS AND REFUNDS
Sales of coal	Delivery of coal that meets contractual gigajoules and calorific value at a contractually agreed upon delivery point.	At the delivery point in time	Up to 30 days	None
Transportation of coal	Supply of transport services for delivery of coal at a contractually agreed upon delivery point.	At the delivery point in time	Up to 30 days	None

The company receives payment from its customers based on billing schedule as established in the contracts. Contract assets relate to the company's conditional right to consideration for completed performance under the contract.

1.15 COST OF SALES

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

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Cost of sales is recognised as a separate line item in the statement of profit or loss.

1.16 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits, which consist of salaries, paid annual leave and sick leave, bonuses, and medical care, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

Payments are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.17 BORROWING COSTS

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

1.18 IMPAIRMENT OF ASSETS

Management assesses, at the end of each reporting period, whether there is any indication that Property, plant, and equipment, intangible assets and investment in associates may be impaired. If any such indication exists, then the recoverable amount of the asset is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised for an asset (or a cash-generating unit) if the recoverable amount of the asset or cash generating unit is less than the carrying amount. The impairment loss is determined as the difference between the two amounts. For cash generating units, the impairment loss is allocated to the assets on a pro-rata basis.

Impairment losses are recognised immediately in profit or loss.

1.19 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

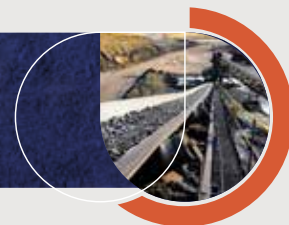
Irregular expenditure: means expenditure, incurred in contravention of or that is not in accordance with the requirement of any applicable legislation. Such expenditure is recorded in the notes to the annual Financial Statements. It is recorded at the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticability exists, the reasons therefore are provided in the notes.

Irregular expenditure is removed from the notes when it is either:

- (a) condoned by the National Treasury or the relevant authority;
- (b) it is transferred to receivables for recovery; or
- (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and is de-recognised when the receivable is settled or subsequently written off as irrecoverable.

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. When confirmed, fruitless and wasteful expenditure is recorded in the notes to the Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS



2. CHANGES IN ACCOUNTING POLICY

The Financial Statements have been prepared in accordance with International Financial Reporting Standards. In light of their duty under the Public Finance Management Act (PFMA) Section 55(2)(a) to ensure that the Financial Statements accurately reflect the state of affairs, business operations, financial results, and financial position of the public entity as of the fiscal year-end, the directors have approved the restatement of the previously reported 2023 Financial Statements, on a basis consistent with the prior year except for the adoption of the following new or revised standards.

DISCLOSURE OF ACCOUNTING POLICIES: AMENDMENTS TO IAS 1 AND PRACTICE STATEMENT 2

The company adopted the amendments to IAS 1 and Practice Statement 2, which now require that only material accounting policy information shall be disclosed in the annual Financial Statements. The amendment did not result in changes to measurement or recognition of financial statement items, but management reviewed the accounting policies and made changes to ensure that only material accounting policy information is disclosed.

CHANGE IN THE FORMAT OF ANNUAL FINANCIAL STATEMENTS

The previous year's annual Financial Statements, including the statement of financial position, comprehensive income, and cash flows, have been restated to address reclassifications, prior period errors, and format changes. The cash flow statement has been adjusted from the direct method to the indirect method to align with group requirements. Details of the impact including detailed explanations of the nature of the relevant adjustments has been disclosed in Note 33.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the company 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
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	The impact of the amendment is set out in note 2 Changes in accounting policy.
Definition of accounting estimates: Amendments to IAS 8	01 January 2023	The impact of the amendment is not material.
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	The impact of the amendment is not material.

3.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2009	Unlikely there will be a material impact
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely there will be a material impact
IFRS 18 — Presentation and Disclosure in Financial Statements	01 January 2027	Unlikely there will be a material impact

3.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods but are not relevant to its operations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	Unlikely there will be a material impact

4. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	32 866	-	32 866	32 866	-	32 866
Buildings	11 597	(8 508)	3 089	11 617	(7 204)	4 413
Operating assets	54 251	(43 380)	10 871	70 040	(50 600)	19 440
Furniture and fixtures	7 915	(5 790)	2 125	8 171	(5 492)	2 679
Motor vehicles	13 430	(10 639)	2 791	13 440	(7 849)	5 591
IT equipment	10 534	(8 217)	2 317	12 580	(8 872)	3 708
Right of use – Buildings	36 030	(21 737)	14 293	36 030	(18 164)	17 866
Assets under development	140 914	-	140 914	138 355	-	138 355
Mine infrastructure	336 658	(197 246)	139 412	344 943	(146 018)	198 925
Total	644 195	(295 517)	348 678	668 042	(244 199)	423 843

RECONCILIATION OF PROPERTY, PLANT, AND EQUIPMENT - 2024

	Opening balance R'000	Additions R'000	Disposals/ Write off R'000	Environmental rehabilitation utilised R'000	Depreciation R'000	Total R'000
Land	32 866	-	-	-	-	32 866
Buildings	4 413	-	-	-	(1 324)	3 089
Operating assets	19 440	326	(3 920)	-	(4 975)	10 871
Furniture and fixtures	2 679	65	(42)	-	(577)	2 125
Motor vehicles	5 591	-	-	-	(2 800)	2 791
IT equipment	3 708	367	(144)	-	(1 614)	2 317
Right of use – Buildings	17 866	-	-	-	(3 573)	14 293
Assets under development	138 355	2 559	-	-	-	140 914
Mine infrastructure	198 925	318	(24)	(8 401)	(51 406)	139 412
	423 843	3 635	(4 130)	(8 401)	(66 269)	348 678

RECONCILIATION OF PROPERTY, PLANT, AND EQUIPMENT - 2023 RESTATED

	Opening balance R'000	Additions R'000	Disposals/ Write off R'000	Environmental rehabilitation utilised R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Land	32 866	-	-	-	-	-	32 866
Buildings	4 982	493	-	-	(1 062)	-	4 413
Operating assets	23 651	976	(238)	-	(4 949)	-	19 440
Furniture and fixtures	2 983	288	(32)	-	(560)	-	2 679
Motor vehicles	6 949	694	-	-	(1 429)	(623)	5 591
IT equipment	3 907	1 492	(57)	-	(1 634)	-	3 708
Right of use - Buildings	21 439	-	-	-	(3 573)	-	17 866
Assets under development	137 183	1 172	-	-	-	-	138 355
Right of use - Machinery	14 099	-	-	-	(14 099)	-	-
Mine infrastructure	238 350	5 078	-	5 037	(49 540)	-	198 925
	486 409	10 193	(327)	5 037	(76 846)	(623)	423 843

4. PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT ENCUMBERED AS SECURITY

There was no Property, plant, and equipment pledged as security.

CHANGES IN ESTIMATES

The company reassesses the useful lives and residual values of items of the company at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant, and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The assessment of the useful lives of assets lead to changes in estimates which resulted in a R1,7 million decrease in Property, plant, and equipment (2023: R0,9 million increase).

NET CARRYING AMOUNTS OF LEASED ASSETS - REFER TO NOTE 16	2024 R'000	2023 R'000
Right of use - Buildings	14 293	17 866

IMPAIRMENT

In the 2023 financial year, vehicles that were damaged were reviewed and an independent assessor deemed them impaired as their recoverable amount in their state was estimated to be R0,6 million below the carrying amount.

5. INTANGIBLE ASSETS

	2024			2023		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	7 680	(6 912)	768	7 680	(6 540)	1 140

RECONCILIATION OF INTANGIBLE ASSETS - 2024	Opening balance R'000	Amortisation R'000	Total R'000
Computer software	1 140	(372)	768

RECONCILIATION OF INTANGIBLE ASSETS - 2023 RESTATED*	Opening balance R'000	Amortisation R'000	Total R'000
Computer software	1 519	(379)	1 140

PLEDGED AS SECURITY

The were no intangible assets pledged as security,

6. INVESTMENTS IN ASSOCIATES

The following table lists all of the associates in the company:

NAME OF COMPANY	% ownership interest 2024	% ownership interest 2023 Restated	Carrying amount 2024 R'000	Carrying amount 2023 R'000
African Royalty Minerals (Pty) Ltd	40,00 %	40,00 %	140 000	140 000
Impairment of investments in associate	--	--	(85 259)	-
			54 741	140 000

6. INVESTMENTS IN ASSOCIATES (CONTINUED)

MATERIAL ASSOCIATES

The following associates are material to the company:

African Royalty Minerals (Pty) Ltd operates the Chilwavirusiku Colliery, a coal mine located in the Mpumalanga province of South Africa. All business activities are conducted within the Republic of South Africa. The percentage of voting rights corresponds directly to the percentage of ownership in African Royalty Mineral (Pty) Ltd. The financial year-end for this entity is 29 February 2024.

The investment in the associate is recorded at cost less impairment losses. Due to recurring losses incurred by the mine, the investment was subject to an impairment assessment. The expected operational life of the mine is projected to conclude in December 2025. The recoverable amount of the investment was estimated at R54,7 million, resulting in a recognised impairment loss of R85,3 million in profit and loss.

ASSOCIATES NOT EQUITY ACCOUNTED FOR

The company does not prepare consolidated Financial Statements and African Royalty Minerals (Pty) Ltd is carried at cost less any accumulated impairment losses. African Royalty Minerals (Pty) Ltd is equity accounted for in the Holding company CEF SOC Limited.

ASSOCIATES PLEDGED AS SECURITY

The investment in associate has not been pledged as security.

	2024 R'000	2023 R'000
7. TRADE AND OTHER RECEIVABLES		
FINANCIAL INSTRUMENTS:		
Trade receivables	47 340	264 192
Lease receivables	8 622	11 633
Recoveries from suppliers	15 060	5 584
Other trade receivables	706	2 060
Loss allowance	(5 471)	(4 567)
Trade receivables at amortised cost	66 257	278 902
Interest receivable	15 330	2 314
Mining royalty payments	9 768	2 778
NON-FINANCIAL INSTRUMENTS:		
VAT	14 897	-
Employee costs in advance	1 409	1 949
Prepayments	12 255	17 151
Total trade and other receivables	119 916	303 094
SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS		
Current assets	119 916	303 094

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

There were no trade receivables pledged as security.

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

EXPOSURE TO CREDIT RISK

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Trade receivables are non-interest bearing. Debtors payment terms are generally thirty (30) days after the invoice date unless otherwise agreed to with the seller and subject to the seller's determination regarding the customers qualification for credit. The company's main customers is Eskom SOC Limited. Eskom SOC Limited has no history of default and the has a Standard & Poors (S&P) credit rating of 'B' and a Moody's credit rating of B2 as at 31 March 2024.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2024		2023	
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
	R'000	R'000	R'000	R'000
EXPECTED CREDIT LOSS RATE:				
Not past due	94 150	-	294 554	-
Less than 31 - 90 days past due	8 387	-	7 181	-
91+ days past due	22 850	(5 471)	5 926	(4 567)
Total	125 387	(5 471)	307 661	(4 567)

RECONCILIATION OF LOSS ALLOWANCES

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	2024	2023
	R'000	R'000
Opening balance	(4 567)	-
Provision raised on trade receivables	(904)	(4 567)
Closing balance	(5 471)	(4 567)

8. JOINT ARRANGEMENTS

JOINT VENTURES

The following table lists all of the joint ventures in the company:

NAME OF COMPANY	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024 R'000	Carrying amount 2023 Restated R'000
PAMDC (Pty) Ltd	33,00 %	33,00 %	15 710	15 710
Impairment of joint arrangements	33,00 %	33,00 %	(15 710)	(15 710)
			-	-

The governments of South Africa, Zimbabwe and Zambia created a structured entity, PAMDC (Pty) Ltd, to collaborate and develop mineral resources in the region as enshrined in the Southern African Development Community Mining Protocol, the Plan of Action for the Global Mining Initiative of the New Partnership for the Africa's Development and African Mining Partnership. PAMDC (Pty) Ltd is co-owned by the parties in equal proportions. South African government through AEMFC is a co share owner in PAMDC (Pty) Ltd. The memorandum of agreement states that decisions on the relevant activities require the unanimous consent of all the parties. PAMDC (Pty) Ltd is a joint venture since the partners have rights to the net assets of PAMDC (Pty) Ltd and the memorandum give the parties the rights to a share of the net outcome generated by the economic activity.

As part of the annual impairment assessment, the carrying amount of the investment in PAMDC (Pty) Ltd of R15.7 million was impaired in FY2017 because the commercial viability of the company has decreased. No impairment charged in profit loss this year (2023 R0.00 million).

	2024 R'000	2023 R'000
Deposits	12 013	11 933

Deposits includes security deposits held by landlords in the head office and upfront payments to Eskom SOC Ltd for the construction of the power infrastructure at future mining sites. These deposits are not realisable within twelve months after year end and have not been pledged as security.

10. PREPAYMENTS

	Opening balance R'000	Charged to profit and loss R'000	Closing balance R'000
RECONCILIATION OF CARRYING AMOUNT - 2024			
Operating lease asset	311	(104)	207
RECONCILIATION OF CARRYING AMOUNT - 2023			
Operating lease asset	415	(104)	311
OPERATING LEASE ASSET			
		2024 R'000	2023 R'000
Non-current portion		104	207
Current portion		104	104
		207	311

Operating lease asset is in respect of power infrastructure constructed for the mine and held as an operating lease. The cost of the infrastructure is charged to the statement of profit and loss over the lower of life of the mine or economic life of the underlying asset. There are no future lease payments towards the right to use the asset.

11. INVENTORIES	2024 R'000	2023 R'000
Run of Mine (ROM)	67 066	40 647
Crushed coal	14 723	15 943
Consumables	11 519	5 477
	93 308	62 067
Inventories (write-downs)	(8 946)	(4 525)
	84 362	57 542

The ROM stock is the coal directly extracted from the pit. This is crushed according to customer specification and converted to crushed coal.

Inventory is measured at the lower of cost and net realisable value. An inventory write-down of R4.4 million was recorded due to the cost of inventory exceeding its net realisable value.

There was no inventory pledged as security.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	(2)	2
Bank balances	76 382	201 358
Short-term deposits	343 280	135 597
Restricted cash*	112 885	100 809
	532 545	437 766

*The guaranteed amount is in respect of the rehabilitation of land at Vlakfontein mine at the close of the mine, Klippoortjie and T Projects which are in the development phase. The insurer undertakes to pay R72.2 million, R42.9 million and R16.6 million towards Vlakfontein Central, Northern and Southern block rehabilitation respectively.

R16.6 million and R42.9 million is the rehabilitation guarantee for the mining rights of Klippoortjie Mine and T Projects respectively.

The company has entered into bank guarantees related to its future performance which are in the normal course of business which amount to R9,1 million at 31 March 2024 (R4,2 million at 31 March 2023).

The carrying amount of cash and cash equivalents approximates the fair value.

13. SHARE CAPITAL

AUTHORISED

2 000 Ordinary shares of R2 each	4	4
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ISSUED

Ordinary shares	4	4
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14. LOANS FROM GROUP COMPANIES

HOLDING COMPANY

CEF SOC Limited	208 899	318 712
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The shareholders loan of R209 million is unsecured, interest free and has no fixed repayment terms. The loan is subordinated to all the creditors of the company.

14. LOANS FROM GROUP COMPANIES (CONTINUED)

The shareholder advanced to AEMFC an unsecured loan facility of R118,4 million on 27 December 2017. The interest rate on the loan is the monthly JIBAR (Johannesburg Interbank Average Rate) plus margin of 2.55%. The interest is payable quarterly over three years. This loan was repaid during the financial year.

	2024 R'000	2023 R'000
SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS		
Non-current liabilities	208 899	208 899
Current liabilities	-	109 813
	208 899	318 712

EXPOSURE TO LIQUIDITY RISK

Refer to note 34 Financial instruments and financial risk management for details of liquidity and interest rate risk exposure and management.

15. LEASES (COMPANY AS LESSEE)

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

	2024			2023		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Buildings	36 030	(21 737)	14 293	36 030	(18 164)	17 866

NET CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

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

	2024 R'000	2023 R'000
Buildings	14 293	17 866

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	(3 573)	(3 573)
Machinery	-	(14 099)
	(3 573)	(17 672)

OTHER DISCLOSURES

Interest expense on lease liabilities	2 722	3 191
Leases of low value assets included in operating expenses	2 326	1 175

	2024	2023
	R'000	R'000

15. LEASES (COMPANY AS LESSEE) (CONTINUED)

LEASE LIABILITIES

The maturity analysis of lease liabilities is as follows:

Within one year	6 725	6 241
Two to five years	23 468	30 193
	30 193	36 434
Less finance charges component	(5 646)	(8 368)
	24 547	28 066
Non-current liabilities	20 128	24 547
Current liabilities	4 419	3 520
	24 547	28 067

	2024	2023
	R'000	Restated R'000

RECONCILIATION OF MOVEMENT IN LEASE LIABILITIES

LEASE LIABILITY

Opening balance	28 066	48 849
Interest charged	2 722	3 049
Lease payments	(6 241)	(23 832)
	24 547	28 066

EXPOSURE TO LIQUIDITY RISK

Refer to note 34 Financial instruments and risk management for the details of liquidity risk exposure and management.

	2024	2023
	R'000	R'000

16. DEFERRED TAX

DEFERRED TAX LIABILITY

Property plant and equipment	(37 471)	(59 015)
Prepayments	(2 303)	(347)
Total deferred tax liability	(39 774)	(59 362)

DEFERRED TAX ASSET

Right of use liability	6 628	7 578
Lease smoothing	207	211
Finance lease liability	-	2 770
	6 835	10 559
Income received in advance	75	53
	6 910	10 612
Provisions	5 262	4 459
Total deferred tax asset, net of valuation allowance recognised	12 172	15 071

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

Deferred tax liability	(39 774)	(59 362)
Deferred tax asset	12 172	15 071
Total net deferred tax liability	(27 602)	(44 291)

DEFERRED TAX LIABILITY

At beginning of year	(44 291)	(61 689)
Reversal of temporary timing differences	16 689	17 398
	(27 602)	(44 291)

17. PROVISIONS

RECONCILIATION OF PROVISIONS - 2024	Opening balance R'000	Additions R'000	Reversed during the year R'000	Change in discount factor R'000	Total R'000
Environmental rehabilitation	65 839	-	(8 401)	6 158	63 596
Provision for legal matter	-	603	-	-	603
	65 839	603	(8 401)	6 158	64 199

RECONCILIATION OF PROVISIONS - 2024 RESTATED	Opening balance R'000	Additions R'000	Change in discount factor R'000	Total R'000
Environmental rehabilitation	55 498	5 038	5 303	65 839

	2024 R'000	2023 R'000
Non-current liabilities	63 596	65 839
Current liabilities	603	-
	64 199	65 839

ENVIRONMENTAL REHABILITATION

An independent valuer performed a valuation to estimate the provision to rehabilitate the land, this was estimated to be R79,6 million as at 31 March 2024 (2023: R81,3 million) for the Vlakfontein Mine. Current mine plans envisage the expected outflow to occur during the 2025, 2031, 2032 and 2035 financial years. The net present value of the environmental rehabilitation provision is based on discount rates taking into account long bond yield rates of:

FINANCIAL YEAR	DISCOUNT RATE
2025	10,4%
2031	11,3%
2032	9,5%
2033	5,7%
2034	12,9%
2035	12,3%

An average inflation rate of 4,7% (2023: 5,3%) based on forecasts performed by the top financial institutions was considered. This resulted in present value of R63,6 million as at March 2024 (2023: R65,8 million). A reversal of R8,4 million (2023: R5,0 million addition) was realised in Property, plant, and equipment (Note 4).

It is impractical to disclose the effect that the change in an accounting estimate has on the current period or it is expected to have in the future periods.

LEGAL MATTER

The legal matter related to a disagreement with a supplier concerning a purchased drive train. This dispute was resolved after the financial year-end and the supplier was settled with a value of R603,232.50.

18. TRADE AND OTHER PAYABLES

	2024 R'000	2023 R'000
FINANCIAL INSTRUMENTS		
Trade payables	46 479	109 614
Sundry creditors	13 606	10 938
Accrued expenses	63 108	152 669
Deposits received	80	80
	123 273	273 301
NON-FINANCIAL INSTRUMENTS		
Other payables	11 154	8 336
VAT	-	20 722
	134 427	302 359

EXPOSURE TO LIQUIDITY RISK

Refer to note 34 Financial instruments and financial risk management for details of liquidity risk exposure and management.

19. CURRENT TAX PAYABLE (RECEIVABLE)

Normal tax	29 212)	(16 448)
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20. REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods	1 838 889	1 130 564
Rendering of services	698 092	293 909
	2 536 981	1 424 473

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The company disaggregates revenue from customers as follows:

SALE OF GOODS

Sale of coal	1 838 889	1 130 564
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RENDERING OF SERVICES

Fees earned	698 092	293 909
Total revenue from contracts with customers	2 536 981	1 424 473

21. COST OF SALES

Rendering of services	543 526	263 774
Inventories lost or written off	4 421	-
Coal related costs	1 626 036	918 515
	2 173 983	1 182 289

	2024 R'000	2023 R'000
22. OTHER OPERATING INCOME		
Lease income	17 693	20 768
Diesel rebates	8 670	7 869
Sundry income	609	391
	26 972	29 028

23. OTHER OPERATING GAINS

Profit from sale of assets	-	929
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24. OPERATING PROFIT (LOSS)

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

AUDITOR'S REMUNERATION - EXTERNAL

Audit fees	1 828	3 659
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REMUNERATION, OTHER THAN TO EMPLOYEES

Consulting and professional services	16 326	9 767
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EMPLOYEE COSTS

Salaries	112 664	104 336
Allowances	18 931	26 005
Retirement benefit plans: defined contribution expense	13 389	13 584
Safety incentives	3 720	4 447
Termination benefits	-	17 058
Employee settlement	4 409	-
Total employee costs	153 113	165 430
Less: Employee costs allocated to cost of sales and direct social spending	(67 225)	(85 479)
Total employee costs expensed	85 888	79 951

LEASES

Leases of low value assets	2 326	1 175
Total lease expenses	2 326	1 175

DEPRECIATION AND AMORTISATION

Depreciation of Property, plant, and equipment	66 269	76 846
Amortisation of intangible assets	372	379
Total depreciation and amortisation	66 641	77 225
Less: Depreciation included in cost of merchandise sold and inventories	(52 944)	(65 197)
Total depreciation and amortisation expensed	13 697	12 028

IMPAIRMENT LOSSES/WRITE OFFS

Property, plant, and equipment	4 129	719
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MOVEMENT IN CREDIT LOSS ALLOWANCES

Trade and other receivables	904	4 567
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	2024 R'000	2023 R'000
24. OPERATING PROFIT (LOSS) (CONTINUED)		
OTHER OPERATING EXPENSES		
Other operating expenditures are categorized by nature and include the following:		
Audit fees	1 828	3 659
Computer expenses	5 875	3 035
Consulting fees	16 327	9 767
Depreciation and amortisation	13 697	12 028
Direct social spending	3 629	8 943
Environmental, health and safety	5 808	5 135
Exploration costs	18 045	235
Impairment Property, plant, and equipment	4 129	719
Insurance	2 990	3 531
Low value leases	2 326	1 175
Placement fees	4 494	256
Repairs and maintenance	8 707	6 386
Royalty taxes	2 544	2 455
Security	12 773	11 960
Staff welfare	2 587	1 581
Training	1 917	2 065
Transport and freight	3 950	3 139
Travel	2 120	1 773
Utilities	1 677	2 534
Other expenses	8 477	5 533
	123 900	85 909

25. INVESTMENT INCOME

INTEREST INCOME

INVESTMENTS IN FINANCIAL ASSETS:

Bank and other cash	47 641	17 429
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26. FINANCE COSTS

Non-current borrowings	8 089	9 645
Trade and other payables	22	10
Lease liabilities	2 722	3 191
Unwinding of discount on provisions	6 158	5 304
Total finance costs	16 991	18 150

27. OTHER NON-OPERATING GAINS (LOSSES)

IMPAIRMENT LOSSES ON

Investments in associates	6	(85 259)	-
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28. TAXATION

2024	2023
R'000	R'000

MAJOR COMPONENTS OF THE TAX EXPENSE

CURRENT

Local income tax - current period	76 926	48 209
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DEFERRED

Originating and reversing temporary differences	(16 689)	(17 399)
	60 237	30 810

RECONCILIATION OF THE TAX EXPENSE

RECONCILIATION BETWEEN ACCOUNTING PROFIT AND TAX EXPENSE

Accounting profit	124 669	100 993
Tax at the applicable tax rate of 27% (2023: 27%)	33 661	27 268

TAX EFFECT OF ADJUSTMENTS ON TAXABLE INCOME

Non-deductible expenses	26 576	3 542
	60 237	30 810

29. TAX PAID

Balance at beginning of the year	(16 448)	16 615
Current tax recognised in profit or loss	(76 926)	(48 209)
Balance at end of the year	29 212	16 448
	(64 162)	(15 146)

30. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

• Property, plant, and equipment	7 714	7 783
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This committed expenditure relates to plant and equipment and will be financed through existing cash resources and funds internally generated.

31. RELATED PARTIES

RELATIONSHIPS

Ultimate holding company	Department of Mineral Resources and Energy	
Holding company	CEF SOC Limited	
Joint ventures	Pan African Mineral Development Company (Pty) Ltd - Refer to note 8	
Associates	African Royalty Minerals (Pty) Ltd - Refer to note 6	
Fellow subsidiaries	PetroSA SOC Limited	SASDA NPC
	Strategic Fuel Fund Association (SFF)	Cotec Development SOC Ltd
	IGas CCE Solutions (Pty) Ltd	Cotec Patrade SOC Ltd SANEDI
	CEF Carbon SOC Ltd Cotec	PASA ETA
Members of key management	Refer to note 34	

31. RELATED PARTIES (CONTINUED)	2024 R'000	2023 R'000
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RELATED PARTY BALANCES

LOAN ACCOUNTS - OWING TO RELATED PARTIES

CEF SOC Limited	(208 899)	(318 712)
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AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES

CEF SOC Limited - Overstatement loan	30	-
CEF SOC Limited - Recoveries	291	-
CEF SOC Limited - Cost recoveries	(651)	(99)
African Royalty Minerals (Pty) Ltd	8 622	11 634
Petro SA SOC Limited	(6 067)	(2 568)
Department of Mineral Resources and Energy	(600)	-

RELATED PARTY TRANSACTIONS

INTEREST PAID TO (RECEIVED FROM) RELATED PARTIES

CEF SOC Limited	8 089	9 645
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EXPENSES PAID TO / (INCOME RECEIVED FROM) RELATED PARTIES

African Royalty Minerals (Pty) Ltd	(16 918)	(20 481)
CEF SOC Limited	2 017	253
PetroSA SOC Limited	27 540	17 734
Department of Mineral Resources and Energy	866	-
CEF SOC Limited'	(290)	-

32. DIRECTORS' EMOLUMENTS

EXECUTIVE MANAGEMENT: 2024

DIRECTORS' EMOLUMENTS

Services as director or prescribed officer	Basic salary R'000	Other benefits R'000	Pension contributions R'000	Total R'000
Mr. L.A. Pitsoe (Chief Executive Officer)	3 615	114	498	4 227
Ms. P. Mthombeni (Chief Financial Officer)	2 019	9	44	2 072
Mr. Z. Ngququ (Acting Chief Financial Officer)	74	-	-	74
Mr. S. Mthethwa (Chief Financial Officer)	1 315	15	102	1 432
Ms. G.A. Mathebula	572	5	52	629
Mr. P. Motsoeneng	1 970	1	153	2 124
Mr. K. Shadung	2 683	36	207	2 926
Mr. M. Ntsoane	1 937	58	68	2 063
Mr. A. Makabanyane	1 561	33	214	1 808
Mr. G.P. Metswi	580	9	45	634
	16 326	280	1 383	17 989

32. DIRECTORS' EMOLUMENTS (CONTINUED)

EXECUTIVE MANAGEMENT: 2023

DIRECTORS' EMOLUMENTS

Services as director or prescribed officer	Basic salary R'000	Other benefits R'000	Pension contributions R'000	Total R'000
Mr. L.A. Pitsoe (Chief Executive Officer)	3 495	36	478	4 009
Ms. P. Mthombeni (Chief Financial Officer)	1 392	18	103	1 513
Mr. Z. Ngququ	21	-	-	21
Ms. N. Duna	14	-	-	14
Dr. A. Poto	282	-	-	282
Ms. G. Huma	1 891	7	259	2 157
Mr. B. Khumalo	786	16	79	881
Mr. K. Shadung	2 067	1	166	2 234
Mr. N. Ntsoane	702	-	-	702
Mr. P. Motsoeneng	1 736	4	135	1 875
	12 386	82	1 220	13 688

NON-EXECUTIVE: 2024

DIRECTORS' EMOLUMENTS

Services as director or prescribed officer	Fees for services as director R'000	Board Audit and Risk Committee R'000	Remuneration, Social, Ethics and Nomination Committee R'000	Board Investment Committee R'000	Health, Safety and Environmental Committee R'000	Workshops R'000	Total R'000
Mr. Z.B. Swanepoel (Independent Non-Executive Chairperson)	492	-	23	-	-	14	529
Mr. K.J. Hodges	296	-	13	70	54	13	446
Ms. D.R. Hlatshwayo	296	187	296	-	-	13	792
Ms. P.C. Motsielwa	318	312	169	-	-	33	832
Ms. J. Snyman	233	187	-	40	-	13	473
Mr. P.M. Madokwe	286	-	107	54	-	13	460
Mr. M.Z.T. Masondo	326	13	13	41	73	26	492
	2 247	699	621	205	127	125	4 024

NON-EXECUTIVE: 2023

DIRECTORS' EMOLUMENTS

Services as director or prescribed officer	Fees for services as director R'000	Board Audit and Risk Committee R'000	Remuneration, Social, Ethics and Nomination Committee R'000	Board Investment Committee R'000	Health, Safety and Environmental Committee R'000	Special Tack Committee R'000	Workshops R'000	Total R'000
Mr. Z.B. Swanepoel (Independent Non-Executive Chairperson)	311	-	38	-	12	-	-	361
Mr. K.J. Hodges	82	-	-	32	12	-	-	126
Ms. D.R. Hlatshwayo	558	138	132	-	-	-	-	828
Ms. P.C. Motsielwa	580	191	84	-	-	-	14	869
Ms. J. Snyman	416	132	-	36	-	-	-	584
Mr. P.M. Madokwe	599	12	48	60	12	21	14	766
Mr. M.Z.T. Masondo	204	12	-	24	16	-	14	270
	2 750	485	302	152	52	21	42	3 804

33. PRIOR PERIOD ERRORS

It has been identified that the Financial Statements previously issued for the year ending March 31, 2023, did not comply with the legislative deadline stipulated in section 55(1)(c)(i) of the Public Finance Management Act (PFMA). This non-compliance was attributed to various challenges impacting the accuracy of the reporting within the specified timeframe.

The company faced numerous obstacles, including significant changes in key management and leadership positions, which adversely affected the timeliness and precision of the financial reporting process.

As a result, the restatement involves revisiting and enhancing the accuracy of the Financial Statements. These identified inaccuracies necessitated a thorough reassessment and correction to ensure the integrity and reliability of the financial reports.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	2023 Previously reported R'000	Restatement/ Prior period error R'000	2023 Restated* R'000
Property, plant, and equipment	417 819	6 024	423 843
Intangible assets	938	202	1 140
Trade and other receivables	290 639	12 456	303 095
Inventory	45 613	11 929	57 542
Cash and cash equivalents	437 352	414	437 766
Provisions	(85 608)	19 769	(65 839)
Trade and other payables	(269 432)	(32 928)	(302 360)
Current tax payable	(16 994)	546	(16 448)
Deferred tax	(43 444)	(847)	(44 291)
Retained income	(582 343)	(17 586)	(599 909)
	194 540	-	194 540

STATEMENT OF PROFIT AND LOSS	2023 Previously reported R'000	Restatement/ Prior period error R'000	2023 Restated* R'000
Revenue	1 426 738	(2 265)	1 424 473
Cost of sales	(1 175 883)	(6 406)	(1 182 289)
Other operating income	29 258	(230)	29 028
Employee cost	(104 602)	24 651	(79 951)
Other operating expenses	(91 956)	6 047	(85 909)
Movement in credit loss allowances	-	(4 567)	(4 567)
Investment income	16 249	1 180	17 429
Finance cost	(18 007)	(143)	(18 150)
Other operating gains (losses)	1 160	(231)	929
Taxation	(30 363)	(447)	(30 810)
	52 594	17 586	70 183

33. PRIOR PERIOD ERRORS (CONTINUED)

	2023 Previously reported R'000	Restatement/ Prior period error R'000	2023 Restated* R'000
STATEMENT OF CASHFLOWS			
Cash generated from operations	184 072	(28 267)	155 805
Interest income	14 501	2 928	17 429
Finance cost	(9 654)	(143)	(9 797)
Tax paid	(45 367)	30 221	(15 146)
Net cash from operating activities	143 552	4 739	148 290
Purchase of Property, plant, and equipment	(9 539)	(654)	(10 193)
Increase in deposits	-	(50)	(50)
Proceeds from sale of Property, plant, and equipment	-	1 256	1 256
Net cash from investing activities	(9 539)	552	(8 987)
Repayments of loans from group companies	(10 000)	777	(9 223)
Cash repayments on lease liabilities	(18 181)	(5 652)	(23 833)
Net cash from financing activities	(28 181)	(4 875)	(33 056)
Statement of cashflows			
Total cash movement for the year	105 832	415	106 247
Cash and cash equivalents at the beginning of the year	331 519	-	331 519
Cash and cash equivalents at the beginning of the year	437 351	415	437 766

	2023 Previously reported R'000	Restatement/ Prior period error R'000	2023 Restated* R'000
OTHER DISCLOSURE			
Irregular expenditure	1 317 867	(1 040 426)	277 441
Fruitless and wasteful expenditure	4 952	2 516	7 468
	1 322 819	(1 037 910)	284 909

	2024 R'000	2023 Restated R'000
1. REVALUATION OF INVENTORY		
Inventory	-	11 929
Cost of sales	-	(11 929)
	-	-

The costs associated with insourced coal and its processing were excluded from the calculation of the per-unit cost of coal. This per-ton cost is integral to determining the inventory value at year-end.

2. EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

Trade and other receivables	-	(4 567)
Movement in credit allowances	-	4 567
	-	-

Expected credit losses allowance on trade receivables were not previously raised on non performing debtors.

	2024	2023
	R'000	Restated R'000

33. PRIOR PERIOD ERRORS (CONTINUED)

3. PROVISION FOR BONUS INCORRECTLY RECOGNISED AND INCORRECT VALUATION UTILISED TO CALCULATE REHABILITATION

Provisions - Bonus	-	24 807
Other operating expenses	-	(24 807)
Provision - Environmental rehabilitation	-	(5 037)
Property, plant, and equipment	-	5 037
	-	-

A provision for bonuses was previously raised despite the company not meeting its required corporate targets. This has been correctly adjusted to accurately reflect the lack of obligation for bonuses.

The assessment of the provision for environmental rehabilitation was received after the audit report, therefore this has been subsequently adjusted.

4. OTHER PRIOR ERRORS

Property, plant, and equipment	-	987
Intangibles	-	202
Trade and other receivables	-	17 044
Cash and cash equivalents	-	414
Trade and other payables	-	(32 929)
Current tax payable	-	546
Deferred tax	-	(847)
Revenue	-	2 265
Cost of sales	-	18 336
Other operating income	-	230
Other operating expense	-	(5 889)
Investment income	-	(1 180)
Finance cost	-	143
Other operating gains and (losses)	-	231
Taxation	-	447
	-	-

This error emanates from the challenges with the accounting records that were not entirely ready for reporting and the audit at the end of the 2023 financial year.

5. IRREGULAR EXPENDITURE INCORRECTLY DISCLOSED

Amount reported in the prior year	-	1 317 867
Prior period expenditure incorrectly reported	-	(546 551)
VAT inclusion	-	119 693
Previously not reported verified in the current year	-	27 010
Removed by the accounting authority	-	(640 578)
	-	277 441

The previously reported irregular expenditure was not compliant with the National Treasury framework. Necessary adjustments included removing R546,6 million of prior period expenditure and the inclusion of VAT. Additional incidents identified in the current financial year, totalling R27,0 million, were also included.

On May 28, 2024, the Board approved the removal of the previously reported irregular expenditure amounting to R640,6 million in accordance with the PFMA.

33. PRIOR PERIOD ERRORS (CONTINUED)

2024
R'000

2023
Restated
R'000

6. FRUITLESS AND WASTEFUL EXPENDITURE NOT PREVIOUSLY REPORTED

Fruitless and wasteful expenditure previously reported	-	4 952
Previously not reported	-	2 516
	-	7 468

Additional incidents identified in the current financial year, totalling R2,5 million, were also included.

7. CONTINGENT LIABILITIES

Amount reported in the prior year	-	35 296
Legal matters with an unlikely outcome	-	(31 421)
Legal matters that are possible liability	-	11 480
	-	15 355

Previously disclosed contingent liabilities included a legal matter concerning claims made by a supplier for the rental of mining equipment. AEMFC's legal counsel concluded that the supplier had no legal basis for the claim, as the contract was deemed unlawful. Therefore, the inclusion of this item as a contingent liability (R31.4 million) was incorrect.

Additional legal disputes not included in the prior year are as follows:

Despite an agreed legal settlement with a supplier of mining equipment, the supplier has made further claims. The legal counsel could not determine the outcome at the time (R8.2 million).

An ongoing arbitration process involving the miners' union remains pending. The legal counsel was unable to conclusively determine the outcome (R2.6 million).

A legal dispute with a dismissed employee, for which the CCMA appeal process is still outstanding (R0.6 million).

8. COMMITMENTS

Not yet contracted for and authorized by directors	-	151 717
Incorrectly disclosed commitments	-	(151 717)
	-	-

The commitments disclosed in the prior year's Financial Statements erroneously included capital expenditures that were approved in the corporate plan. However, these expenditures had not been committed to any supplier or service provider. They were subsequently removed.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL ASSETS: 2024	Note(s)	Amortised cost R'000	Total R'000
Deposits	9	12 013	12 013
Trade and other receivables	7	91 355	91 355
Cash and cash equivalents	12	532 548	532 548
		635 916	635 916

CATEGORIES OF FINANCIAL ASSETS: 2023	Note(s)	Amortised cost R'000	Total R'000
Deposit	9	11 933	11 933
Trade and other receivables	7	283 994	283 994
Cash and cash equivalents	12	437 766	437 766
		733 693	733 693

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

CATEGORIES OF FINANCIAL LIABILITIES: 2024	Note(s)	Amortised cost R'000	Leases R'000	Total R'000
Trade and other payables	18	123 276	-	123 276
Loans from group companies	14	208 899	-	208 899
Finance lease obligations	15	-	24 547	24 547
		332 175	24 547	356 722

CATEGORIES OF FINANCIAL LIABILITIES: 2023	Note(s)	Amortised cost R'000	Leases R'000	Total R'000
Trade and other payables	18	273 304	-	273 304
Loans from group companies	14	318 712	-	318 712
Finance lease obligations	15	-	28 066	28 066
		592 016	28 066	620 082

Trade and other receivable and trade and other payable exclude Value-Added Tax (VAT) and other non-financial instruments.

CAPITAL RISK MANAGEMENT

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

		2024 R'000	2023 Restated R'000
The capital structure and gearing ratio of the company at the reporting date was as follows:			
Loans from group companies	14	208 899	318 712
Lease liabilities		24 547	28 067
Trade and other payables	18	134 430	302 362
Restricted cash	12	112 885	100 809
Cash and cash equivalents	12	(532 545)	(437 766)
Net borrowings		(51 784)	312 184
Equity		664 345	599 913
Gearing ratio		(8)%	52 %

FINANCIAL RISK MANAGEMENT

OVERVIEW

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

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

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

CREDIT RISK

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

The company is exposed to credit risk on trade and other receivables and cash and cash equivalents.

The company strives to mainly deal with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

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

		2024			2023		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost / fair value R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost / fair value R'000
Trade and other receivables	7	125 387	(5 471)	119 916	307 661	(4 567)	303 094
Cash and cash equivalents	12	532 548	-	532 548	437 766	-	437 766
		657 935	(5 471)	652 464	745 427	(4 567)	740 860

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

LIQUIDITY RISK

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and borrowings from the holding company.

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

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

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2024		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
NON-CURRENT LIABILITIES		R'000	R'000	R'000	R'000	R'000	R'000
Loans from group companies	14	-	-	-	208 899	208 899	208 899
Lease liabilities		-	12 106	8 022	-	20 128	20 128
CURRENT LIABILITIES							
Trade and other payables	18	123 276	-	-	-	123 276	123 276
Lease liabilities	15	4 419	-	-	-	4 419	4 419
		127 695	12 106	8 022	208 899	356 722	356 722

2023

NON-CURRENT LIABILITIES							
Loans from group companies	14	-	-	-	208 899	208 899	208 899
Lease liabilities	15	-	9 876	14 671	-	24 547	24 547
CURRENT LIABILITIES							
Trade and other payables	18	273 304	-	-	-	273 304	273 304
Loans from group companies	14	109 813	-	-	-	109 813	109 813
Lease liabilities	15	3 520	-	-	-	3 520	3 520
		386 637	9 876	14 671	208 899	620 083	620 083

INTEREST RATE RISK

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

INTEREST RATE PROFILE

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

VARIABLE RATE INSTRUMENTS:			2024	2023
ASSETS			R'000	Restated R'000
Cash and cash equivalents - Short-term investments	12	- %	343 280	135 597
Variable rate financial assets as a percentage of total interest-bearing financial assets			100,00 %	100,00 %

INTEREST RATE SENSITIVITY ANALYSIS

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised 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.

35. GOING CONCERN

The Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

	2024	2023
	R'000	Restated R'000
36. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
Irregular expenditure*	415 913	277 441
Fruitless and wasteful expenditure**	11 016	7 468
	426 929	284 909

*The Board approved the removal of irregular expenditure relating to deviations for essential coal insourcing contracts of R1,840 million (2023: R641 million). The Board was satisfied that no fraudulent activity was related to these contracts and the necessary steps were taken to mitigate similar challenges in the future.

**Fruitless and wasteful expenditure of R4,9 million, previously reported was recovered in the current financial year, relating to coal inventory that was prepaid and not delivered. This was delivered in September 2023.

37. MATERIALITY AND SIGNIFICANCE FRAMEWORK

For purposes of materiality (as per PFMA sections 50(1) and 55(2)) and significant (as per PFMA section 54(2)) the following framework of acceptable levels were agreed with the Executive Authority in consultation with the Auditor General:

Section 50(1) – Material facts to be disclosed to the Department of Mineral Resources and Energy are considered to be facts that may influence the decisions or actions of the Stakeholders of the Public Entity or the Group of companies.

Section 55(2) – Disclosure of material losses in the Annual Financial Statements will be for all losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the year.

Section 54(2) – The criteria to determine the level of significance was based upon the guiding principles as set out in the “Practice Note on applications under Section 54 of the PFMA no 1 of 1999 (as amended) by Public Entities” as published by National Treasury during 2006.

The significant Rand level was determined as being 2% of Total Assets:

APPROVAL LEVELS IN TERMS OF SECTION 54

Public Entity's board approval levels	<R22,3 million
Approval level of the CEF Board in terms of subsidiary companies	>R22,3 million and <R1 427 million
Obtain DMRE approval and inform National Treasury	>R1 427 million

38. CONTINGENCIES

2024

No contingent liabilities or assets noted for the financial year.

2023

Despite an agreed legal settlement with a supplier of mining equipment, the supplier has made further claims (R8,2 million). AEMFC's legal counsel is assertive that the matter with the supplier has been resolved and that the supplier has no legal ground to pursue this claim.

An ongoing arbitration process involving the miners' union remains pending (R2,6 million). This matter was considered highly unlikely by the legal counsel as it became stagnant.

A legal dispute with a dismissed employee, for which the CCMA appeal process was outstanding (R0,6 million). After losing the matter at Labour court, no further communications were received from the employee and the matter became stagnant.

Legal actions were initiated by four former employees for alleged breach of employment contract. Two of these cases are at initial stages, one case is with CCMA and the other is with the labour court (R3,9 million). This matter was partially settled for some employees and the other employees resigned.

38. CONTINGENCIES

SETTLEMENT OF A LITIGATION

On April 15, 2024, the High Court ruled in favour of the plaintiff in the legal dispute between our company and a supplier. Initially, AEMFC considered the matter to have a favourable outcome. However, following the court's decision, AEMFC was required to settle the matter for a total amount of R603 233. This has been treated as an adjusting event and a provision raised at year end.

APPROVAL FOR THE REMOVAL OF IRREGULAR EXPENDITURE

On May 28, 2024, the Board of Directors of AEMFC, acting in its capacity as the accounting authority, approved the removal of irregular expenditure related to the insourcing of coal. This adjustment was recognized as an adjusting event, resulting in the elimination of irregular expenditure totalling R1,840 million (R541 million) in the notes of the annual Financial Statements.

GUADRISK GUARANTEE

After the reporting date, effective 22 July 2024, the guarantee policy with Guardrisk was amended by R19,3 million to cover the rehabilitation provision for Vlakfontein. This increased the guaranteed value from R72,2 million to R91,5 million.





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