INTEGRATED REPORT

2023/24

ALEXKOR

Having conquered decades of challenge as a pivotal player in South Africa's most iconic industry, Alexkor is viewing the future through a wider lens, seeking not only short-term production gains, but lasting partnerships with the mining community and new opportunities for potentially profitable diversification.

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GENERAL INFORMATION

ALEXKOR

Registered name	Alexkor SOC Ltd
Registration number	1992/006368/30
Website address	www.alexkor.co.za
External auditors	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001
Bankers	First National Bank
Company Secretary	Messina Inc, represented by Lopang Peacock

ALEXKOR HEAD OFFICE

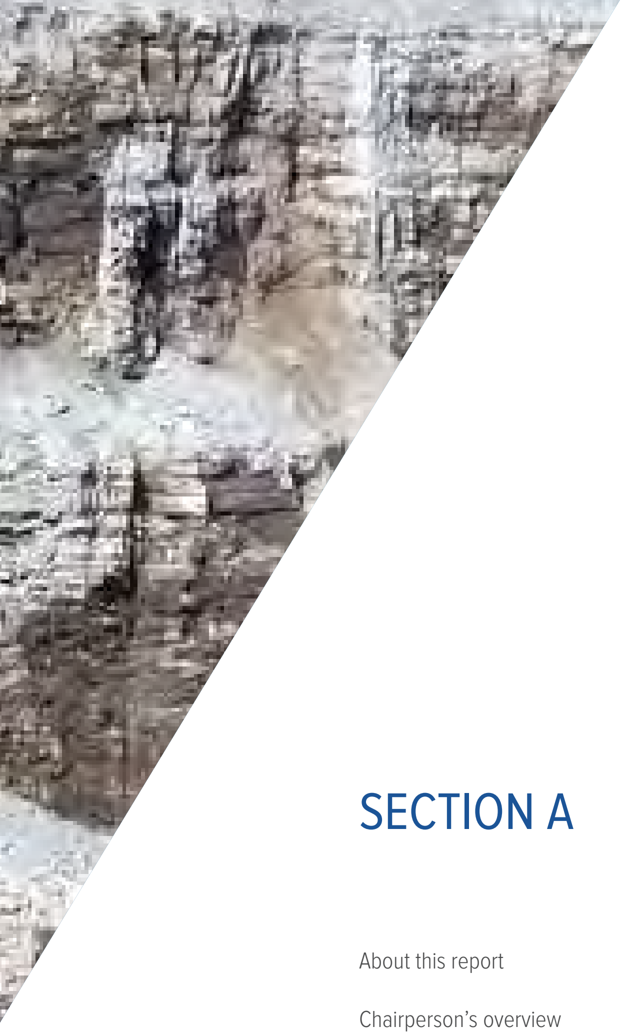
Physical address	1 Orange Road Alexander Bay Northern Cape 8290
Telephone number	+ 27 27 831 8399
Email address	marianal@alexkor.co.za

ACRONYMS

Alexkor SOC Ltd	Alexkor State-owned Company Limited
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CPA	Communal property association
DFFE	Department of Forestry, Fisheries and the Environment
DMPR	Department of Mineral and Petroleum Resources
DMRE	Department of Mineral Resources and Energy
IFRS	International Financial Reporting Standards
NDP	National Development Plan
PFMA	Public Finance Management Act
PSJV	Pooling and Sharing Joint Venture
RMC	Richtersveld Mining Company
SDG	Sustainable Development Goal
SOC	State-owned company

This integrated report is an account of Alexkor's activities, achievements and challenges from 1 April 2023 to 31 March 2024.

It shares with stakeholders the company's governance, strategy, performance and plans concisely and transparently in an easy-to-read format.



SECTION A

ABOUT THIS REPORT

SCOPE

This report provides an overview of Alexkor and the Pooling and Sharing Joint Venture (PSJV), a joint venture between Alexkor and the Richtersveld Mining Company (RMC), in which Alexkor has a 51% interest.

It covers the activities and initiatives undertaken by the PSJV, including its land and marine mining operations and its non-mining activities in Alexander Bay. Identifying risks, opportunities and outcomes influencing business activities includes an assessment of the impact on diverse audiences that are directly or indirectly affected by Alexkor and PSJV actions or operations.

The primary audience for this report is the key stakeholders of the PSJV, namely the Parliament of South Africa, the South African government (with a 51% interest in the PSJV through Alexkor state-owned company [SOC], represented by the Minister of Public Enterprises), the Richtersveld community (with a 49% interest through the RMC), representing the interests of the Sida !hub Communal Property Association (CPA), investors, mining contractors, the State Diamond Trader, the Diamond Exchange and Export Centre¸ South African licensed rough-diamond buyers representing rough-diamond buyers from all over the world, Women in Mining and Richtersveld Local Municipality, and any individual or group seeking a well-informed evaluation of the PSJV's capacity to generate sustainable short-, medium- and long-term value.

REPORTING STRUCTURE

Alexkor adheres and adapts to global and local integrated reporting frameworks, standards and guidelines and applies their principles to its reporting. It complies with the requirements of the Public Finance Management Act No 1 of 1999 (PFMA) and its regulations and the Companies Act No 71 of 2008 and takes heed of International Financial Reporting Standards (IFRS) and the International Integrated Reporting Framework, with enhancements to presentation of information introduced in line with their evolution. As a responsible corporate citizen, Alexkor subscribes to the principles of the King IV Report on Corporate Governance for South Africa, 2016.

MATERIALITY

The key issues were:

- the decline in production from September 2023 to a level in March 2024 lower than half the monthly production of the preceding months;
- reduction in the number of active contractors on the mine;
- lack of capacity to address outstanding audit issues.

ASSURANCE

Non-financial information in this report is reviewed but not assured. However, the information is included to present a holistic and transparent view of the 2023/24 financial year. The Audit and Risk Committee provides the Board annually with internal assurance on risks, controls and governance and on Alexkor's financial, operating, compliance and risk-management controls.

INTEGRATED THINKING

Alexkor's seven core values guide its operation and activities and underline its five strategic objectives. These values, namely integrity, professionalism, accountability, safety, dedication, dynamism, and business ethics and good governance, ensure that the needs and expectations of shareholders are met, creating long-term value. The renewed emphasis on more focused stakeholder engagement instituted in the 2022/23 period continued throughout the review year.

AUDIT OUTCOME

The interim Board is disappointed at the outcome of the external audit. Given that no reliance could be placed on opening balances at the time of its appointment in February 2022, considerable progress has been made. The internal control environment has been improved considerably despite internal capacity constraints resulting from damage to the company during the state capture period. As the interim Board has observed during its tenure, it is extremely difficult to fix a broken institution. Importantly, however, Alexkor SOC is not insolvent, with net current assets exceeding R400 million. The PSJV is liquid, with cash of R122 million. The Board has instituted an audit improvement plan to address matters that have led to the adverse audit opinion and it expects an improved audit outcome for the 2024/25 financial year.

APPRECIATION

The interim Board extends its deep appreciation to the management and staff of Alexkor and the PSJV, who have spared no effort in addressing the challenges of operating a diamond mine in the most remote rural area of Northern Cape. It acknowledges the shareholder representative during the reporting period, Minister Pravin Gordhan, and the management and staff of the Department of Public Enterprises (DPE)*.

APPROVAL

The Board, supported by the Audit and Risk Committee, ensures the integrity of the integrated report. The Board confirms that it guided and oversaw preparation and presentation of the information herein and believes that it addresses all material issues and fairly presents the organisation's integrated performance and impact.

This report was approved by the Board and signed on its behalf by:

Dr Patricia Hanekom
Chairperson

* The Department of Public Enterprises was the shareholder during the reporting period, represented by Minister Pravin Gordhan.

CHAIRPERSON'S OVERVIEW

Alexkor has had a chequered and often very challenging history, yet its centenary is approaching, signifying its status as a stalwart of South African corporate society and demonstrating that it has had the resilience needed to prevail despite constraints and drawbacks over decades.

While the company remains true to its founding objective of exploiting the diamond deposits along South Africa's west coast, it is now investing equal energy in nurturing a mutually beneficial relationship with the Richtersveld community. The two parties came together with the 2011 inception of the PSJV of Alexkor and RMC. This being an unincorporated joint venture that followed a 2003 land claim by the community, the relationship between our two entities has traditionally been rocky.

During the past year, however, more strides were made to build bridges and set a new course for a constructive partnership in the interests of all parties. As the Richtersveld is home to a great number of stakeholders who are key to helping us engender the local economic development South Africa so needs while satisfying our shareholder's imperative of growth and prosperity for the entire nation, finding common ground and fostering cooperation are paramount.

This approach is aligned with our switch in focus from matters short term to the longer-term sustainability of both company and community. We firmly believe that these efforts will bear fruit, as we look beyond the narrow lens of the life of the mine to opportunities for diversification and growth.

PROGRESS

The PSJV mines diamonds on land and at sea along the north-west coast. The continuation of these activities is crucial to future economic diversification in the light of the planned development of Boegoebaai port and the government's green hydrogen project.

Currently, the RMC's 49% interest in the PSJV is represented by three court-appointed directors of the PSJV board. having been improperly constituted. In February 2023, the Sida !hub CPA was reconstituted with the support of the Department of Agriculture, Land and Rural Development as a foundation for the reconstitution of the RMC. Upgrades to Alexander Bay township, including the improved municipal infrastructure, will be handed over to Richtersveld Local Municipality when discussions are concluded. Environmental rehabilitation of historical mining areas is ongoing.

GOVERNANCE

Since its appointment in 2022, the Alexkor interim Board has functioned in extremely trying conditions, which have prompted it to propose more fit-for-purpose institutional arrangements than those that existed when the CPA and its entities were founded.

Its three initial priorities remain top of the agenda, namely governance, mining profitability and relationships with the community.

At this Board's inception, no external audit had been conducted for 2020/21, there was no corporate plan, budget nor shareholder agreement, and specific areas of irregular expenditure were being scrutinised by the Special Investigating Unit.

We've taken some positive steps since then, with the Auditor-General being brought in as our external auditor, the restating of the Alexkor and PSJV financial position expected to be rectified by 2024/25 financial year-end and our statutory and strategy documents in place. We await the decision of the State Capture Commission on the Scarlet Sky Investments diamond marketing and sales tender.

Although we operated without a financial officer throughout the year, the function has now been outsourced to BDO, with Unathi Mkiva heading the team in an acting capacity to satisfy the Auditor-General's recommendation that we appoint permanent and temporary capacity to resolve matters identified during the last two audits.

The recruitment of permanent chief executive and financial officers is currently on hold pending agreement on issues raised by the RMC joint venture partner in the PSJV board.

AUDIT OPINION 2023/24

Following audit opinion disclaimers in the past two financial years due in part to a lack of proof of previous closing balances, the 2023/24 audit again returned a disclaimer, with findings on compliance and performance management. This mirrored the 2022/23 audit. The operational excellence performance indicator improved, while there was no change for the financial sustainability indicator. Limitation of scope and material misstatements were the result mainly of staff shortages and vacancies in key positions.

Despite the difficulties we experience, we are hopeful of an unqualified audit at the end of the next financial year.

FINANCIAL AND PRODUCTION PERFORMANCE

Carat volumes decreased considerably in the review year — to 23 000 from 35 000 in the previous period (pages 40 and 41).

However, revenue recovered markedly, topping R560 million compared to the R368 million of 2022/23 (page 67).

Despite limited capacity, the internal control environment improved in recent times and a modest profit was recorded in 2021/22 and 2022/23. However, gross profit decreased to R115 million in 2023/34 from the R160 million of the previous year. Revenue increased by 53% to R562 million.

Irregular expenditure for the year amounted to R19 million compared to the R7 million of the previous year, related to the award of contracts.

Low production levels and diamond price volatility are expected to lead to an operating loss in 2024/25.

Greater detail on financial performance appears in the report of the interim Chief Executive Officer (CEO) on page 5.

The reduction in carat volumes can be found in the performance report on page 46. The actual reduction in carat volumes are 10 919, 2024: 23 081 (2023: 34 000).

Revenue reported for 2024 amounts to R562 325 189 (2023: R368 723 803) reported in the Statement of Profit and Loss and other Comprehensive Income on page 67.

OUTLOOK

Although Alexkor faces immense risks, including the fallout from state capture, poor occupational health and safety standards, insufficient revenue for mining recapitalisation and production volumes far lower than the envisaged 150 000 carats annually, the Board remains cautiously optimistic of a turnaround in fortunes.

We will focus in the medium term on the turnaround strategy for our diamond mining operations, which have been under duress in recent years due to lack of funds for exploration and infrastructure maintenance. Longer term, DPE will will conduct a study to determine the optimal shareholding arrangement. This will consider the current characteristics of diamond mining against the government's developmental agenda.

The more immediate strategy, however, includes reprocessing the tailings dump and employing larger contractors to explore and mine the land extensively. Marine contractors will be better managed and monitored and we will increase the number of service providers receiving mining contracts. Insourcing of medium-depth marine mining is being considered.

We have activated the strategy with the appointment of 17 sizeable contractors, a move approved in July 2024. We will also support smaller contractors that did not qualify in the first round. Work is being done to expand shallow- and mid-water marine mining into concession areas not easily accessible previously.

While these developments should boost production, they will also increase operating costs so the process must be carefully managed.

APPRECIATION

As is borne out by the content of this integrated report, there remains much to do to make this organisation the force for economic and societal good that it has the potential to be.

In the three years the interim Board has been in place, it has focused on advancement of the mandate to be a profitable, sustainable and growing mining company that contributes to the development of the communities it serves. It has also responded to the pressing challenges that have persisted over many years. This is due in part to the cordial relationship we enjoyed with our shareholder, the late Pravin Gordhan, during his tenure as Minister of Public Enterprises. The Board thanks the ministry for its ongoing guidance, strategic direction and cooperation.

I commend my fellow Board members for bringing their expertise, insight and dedication to the table to set Alexkor on the road to completing its first 100 years with pride and with hope for a bright future. Prof Mavis Hermanus and Alan Roberts, who we lost during the year in different circumstances, were instrumental in helping us to move in the right direction during their periods of service. Their efforts and dedication remain greatly appreciated. We welcomed Quentin Green and Prof Francis Petersen to the Board just before year-end. Their experience and knowledge will undoubtedly be of great benefit as the organisation journeys through the coming year.

The Board's term has been extended to 31 March 2025. I'm confident that whatever shape the new guard takes thereafter will be in the best interests of Alexkor, the Richtersveld community and the country.

I look forward to celebrating the realisation of the corporate mission to grow a mining entity that builds a legacy driven by growth, shareholder interests and effective leadership.

Dr Patricia Hanekom
Chairperson

REPORT OF THE
INTERIM CHIEF EXECUTIVE OFFICER

We operate in an industry that is on the brink of promising growth, with a predicted increase in diamond revenue from $2.43 billion in 2023 to $2.59 billion in 2024. A key driver is the increasing demand from emerging markets, particularly China and India, whose growing middle-class population, rising consumer purchasing power and acknowledgement of diamond jewellery as status symbol are expected to contribute significantly to the international demand for diamonds.

Alexkor continues to be one of the world's major producers of diamonds, accounting for about 8% of global production. The 2021 Kimberley Process rough diamond statistics report indicated that local diamond production exceeded 9.7 million carats, up from the 8.4 million carats of 2020. Global diamond production reached 120 million carats in 2021, an increase from 111 million in 2020. Analysts predicted a modest increase in global rough diamond production of between 1% and 2% over the short- to medium term.

Domestically, diamond mining companies are concentrating on improving efficiencies to decrease costs and are investing capital to maintain current volumes. Increasing energy and fuel costs are an issue and it is feared that the sector has reached its peak carat production output, with production likely to hover below 10 million carats in future. The Longer term, DPE will study will determine how best to position Alexkor in this scenario.

This bodes well for the company, which is eyeing international market expansion to boost revenue, buoyed by the considerable effort it has put into land mining, which has increased production levels to an acceptable level and enabled more robust implementation of procurement policies and procedures.

In her foreword, the Chairperson has given a holistic overview of the organisation's position during the review year, covering both good news and enduring tribulations, so here I will tackle some of our more operational activities and challenges and our responses to these.

STRATEGIC GOALS

Notwithstanding the fresh focus on long-term sustainability, certain objectives are necessarily shorter term. Among these priorities are restructuring the current business to make full use of the scant resources at our disposal. This will include redeploying staff into key areas and filling crucial vacancies. The implementation and maintenance of stringent cost measures are also essential.

Additional mid-water and deep-sea contractors are needed and appointments are already being made. We plan to develop geophysical data to establish realisable production targets for large-scale contractors and will initiate reprocessing of data to identify drilling targets.

In the medium- to long term, policies will be updated and enforced and a revised revenue model introduced to create business sustainability. The business model is already under the spotlight in the quest to unlock shareholder value while uplifting the community. Rehabilitation of historic mining areas will be scaled up.

BALANCE SHEET

Diamond sales for the year were R1 billion against a budget of R628 million, due in part to the auditor transferring the last sales of March 2023 to April 2024 when payment reflected in the PSJV account. Carat production was 12% under budget (30 502 compared to 34 000). At 31 March 2024, the organisation had R423 million in cash in hand, of which R245 million represents the rehabilitation trust funds.. Interest income increased to R47 million from the R20 million of 2022/23.

The company faced escalating operating expenses during the year, with cost of sales up by 114% to R447 million from 2022/23 and other operating expenses are up by 34%, 2024: R128 225 334 (2023: R92 595 716) reported in the Statement of Profit and Loss and other Comprehensive Income on page 67. Gross profit margin was 21% in the review year compared to 43.4% in the previous year. Return on operating assets was 4% versus the previous 11%.

Current assets exceed current liabilities by R507 million, with total assets exceeding total liabilities by R462 million. The groundwork has been laid for an asset clean-up.

The installation of an external finance team after year-end – comprising a chief financial officer and financial manager, with support staff – will improve efficiencies, enabling us to focus on issues needing most attention. Additional capacity in financial and procurement management is ensuring more comprehensive reports that are exposing weaknesses in the system.

Capacitating the finance division through suitable permanent appointees remains a priority.

RISK MANAGEMENT

As can be seen from pages 14 to 19, the organisation faces several significant risks that must be averted or alleviated if operations are to be sustained. Risk management resides largely with the Audit and Risk Committee, but the PSJV board remains accountable for the framework and its processes.

A risk register is reviewed and updated quarterly and maps out risks to be monitored constantly by management. The PSJV provides risk reports to the Executive Committee for assessment and then recommendations to the Board on efficacy of controls and procedures.

Compliance with agreed controls is checked through the annual external and internal audit functions, with instances of non-compliance reported and timely action taken.

SAFETY AND SECURITY

As safety is among our seven core values, work is ongoing to establish and continuously improve safety systems. This is paying off. During the year, no fatality, serious incident or disabling injury was reported.

Efforts continue to combat illegal mining, with stronger security measures in place and communication and operations protocols between the South African Police Service and the mine. Information on smugglers is shared with law enforcement agencies agencies, which, with the South African National Defence Force, are addressing illegal buyers, sellers and miners. These joint operations have drastically reduced illegal mining, with the last diamond theft being reported in 2022/23.

ENVIRONMENT REHABILITATION

The environment rehabilitation liability was not calculated in recent years and was among reasons for external audit opinion disclaimers. Although no liability update was done during the review year, a tender process culminated in the appointment of a service provider in February 2024 on a three-year contract. Maintenance and repairs are underway in preparation for town handover to the municipality and all role-players are being consulted on the process, which includes delivery of the landfill site, cemetery and refuse removal service.

To monitor compliance throughout the mine, environmental codes of practice are drawn up to guide mining methods, waste management, rehabilitation methods, traffic management and site establishment. During 2023/24, 11 codes were drafted for land mining and two for beach mining.

OUR PEOPLE

For several years, the company's capacity to operate optimally has been hampered by a shortage of human resources caused by financial constraints. This situation dates back to 2019, when retrenchments, including those of essential staff who were reappointed on contract, took its toll on several aspects of mining operation management. Sourcing appropriate talent is exacerbated by the remote location of Alexander Bay.

The Auditor-General's suggestion that temporary and permanent finance capacity be appointed has motivated a request to the Department of Mineral and Petroleum Resources (DMPR) for secondment of temporary technical, legal, financial and human resources personnel. The department's decision is awaited.

CHALLENGES AND OPPORTUNITIES

Decreased production of diamonds and price instability exacerbate the fragile financial position of Alexkor and the PSJV. Diamond sales from land-mining operations are budgeted at 10 906 carats for 2024/25, those from marine mining at 10 073 carats and those from beach mining 6 022 carats.

Complex and unsuitable institutional arrangements with the CPA persist.

That said, the organisation has some noteworthy strengths, including an effective lean management team and access to operational resources in processing and final recovery facilities. Burgeoning demand for high-quality land and marine diamonds coincides with our considerable land and marine mining reserves – 80% of which is unmined virgin land. Our highly experienced long-term mining contactors will make full use of the opportunity. Other positive prospects include planned research to resume and increase cofferdam activities and openness to new and innovative technologies.

Partnerships are being forged with Sasol, Transnet and the Northern Cape Economic Development, Trade and Investment Promotion Agency in readiness for development to start in 2027 of Sasol's Boegoebaai harbour and the green hydrogen initiative. This is set to establish South Africa as a low-cost exporter of green-hydrogen-derived products and, through use of mineral resources and green hydrogen production capacity, to enhance its global competitiveness. Plans are in place for Alexkor to prepare its mines in the region to deliver on their potential. This includes mine rehabilitation to eliminate illegal mining.

The project promises to be a boon for the community, with its economic prospects, job opportunities and improved housing provision. Our long-established liaison channels with community structures will be a crucial part of the project to manage expectations and address concerns by residents about consultations and the transparency of the process ahead.

ACKNOWLEDGEMENTS

The interim Board has set in motion a strategy to turn around the enterprise to the point that it can contribute sustainably to the economic strength of the country and the social wellbeing of the west coast mining-dependent community. We are certain that the progress made to date will set us on the road to stability and enable us to diversify given that our livelihood is associated with a depleting asset. My thanks go to the Board members for their foresight and leadership.

To the Alexkor and PSJV management teams and staff, your willingness to double down and make the extra effort to compensate for capacity shortfalls is noted. Thank you for keeping the cogs of business turning.

We undoubtedly have some formidable hurdles to overcome but, as Robert Schuller titled one his inspirational books: ‘Tough times never last, but tough teams do.’

Prof Trevor Fowler
Interim Chief Executive Officer

With an eventful history spanning decades and originating with the discovery of diamonds on the Northern Cape coast in 1926, Alexkor, through its joint venture operation with the RMC, has become synonymous with this crucial sector of the mining industry.

SECTION B

THE ORGANISATION

ALEXKOR SOC STRUCTURE

PSJV OPERATIONAL STRUCTURE

Since its establishment as the state-owed diamond mining company, Alexkor has committed itself to its mission of profitability, sustainability, growth and development of the communities of which it is part.

While focusing on its vision of being a competitive, progressive and forward-looking organisation with a conscience, it seeks to support the South African government's national development agenda by optimising natural resources for economic development.

Its activities began when diamonds were discovered along the west coast of South Africa. It operates in Alexander Bay.

Alexkor's guiding legislation is the Alexkor Limited Act No 116 of 1992, amended by the Alexkor Amendment Act No 29 of 2001. It is wholly government-owned and is an entity listed in schedule 2 of the PFMA. Its shareholder representative in the period under review was the Minister of Public Enterprises.

The company comprises a corporate unit and the PSJV, which conducts all mining activity.

Mining spans land, rivers, beaches and sea along the north-west coast of South Africa. These activities are complemented by geology, exploration, ore reserve planning, rehabilitation and environmental management.

The organisation complies with the Constitution of the Republic of South Africa Act No 108 of 1996 and other legislation, such as the PFMA, the Mineral and Petroleum Resources Development Act No 28 of 2002, the Mine Health and Safety Act No 29 of 1996, the South African Code for Reporting of Exploration Results and the National Environmental Management Act No 107 of 1998.

Alexkor aligns its strategy and activities with South Africa's National Development Plan Vision 2030, 11 United Nations Sustainable Development Goals (pages 24 to 27) — and, accordingly, South Africa's development goals announced by President Cyril Ramaphosa in October 2020 — African Union Agenda 2063 and the Paris Agreement on Climate Change.

The PSJV, which was established in 2011 following a land restitution claim by the Richtersveld community against the South African government, mines diamond reserves to ensure sustainable job creation and economic cohesion in the community.

Through its interest in the PSJV, Alexkor must consider government, social, economic and mining policy objectives and the constitution. The arrangement of the government, Alexkor and the RMC is governed by a deed of settlement and a unaminous resolution.

Currently, the RMC's 49% interest in the PSJV is represented by the three court-appointed directors of the PSJV board, given that the RMC is not properly constituted because the CPA was placed under administration by the Department of Agriculture, Land Reform and Rural Development. This administration ended in February 2023, whereafter the CPA was reconstituted. Following a court ruling of 2 June 2023, three members of the CPA were appointed by Kimberley High Court to represent the RMC on the PSJV board, extending the original interim order of the court granted on 21 June 2016 to 26 April 2024.

MANDATE

The Alexkor Act and the shareholder compact require that the company:

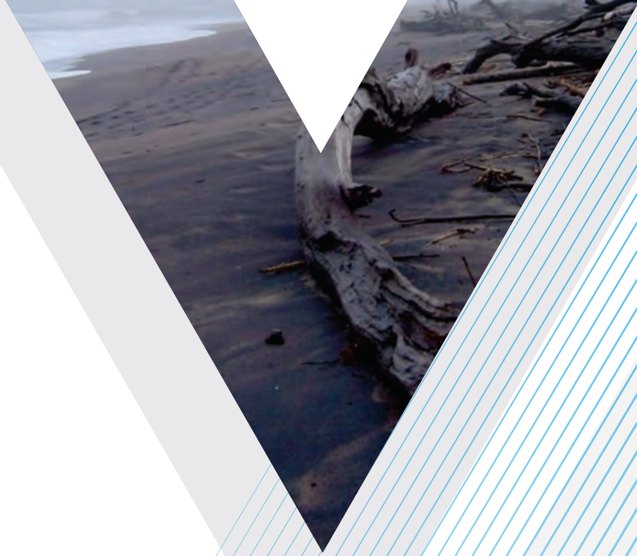
- Transform itself into a viable, dynamic mining entity;
- Advance organic growth at Alexander Bay;
- Explore new opportunities and possible acquisitions;
- Be a sustainable, healthy, safe and environmentally responsible organisation;
- Care for people;
- Provide sound leadership and build credible processes;
- Forge strong relationships with all strategic partners.

LAND-MINING ACTIVITIES

Land-based concessions spanning 865km^2 are mined by the PSJV, which uses contractors for mining, bedrock sweeping and tailings dump mining. Diamondiferous gravel is excavated from raised beaches, the banks of the Orange River and late-stage river beds. Contractors remove topsoil and conduct overburden stripping, excavate and screen the gravel, haul screened product to treatment plants and rehabilitate disturbed areas.

MARINE ACTIVITIES

The concessions for shallow-, mid- and deep-sea waters extend from north of Alexander Bay to south of Port Nolloth. No deep-sea mining was conducted during the 2023/24 financial year, following the lack of a suitable bidder in response to a tender issued in 2024. A Board-sanctioned headhunt and negotiation process will be completed in the 2024/25 financial year, culminating in the appointment of a deep-sea operator.



Marine mining comprises the following elements:

1

VESSEL-BASED DIVER-ASSISTED MINING

Divers on small vessels operating from Alexander Bay and Port Nolloth operate in water depths up to 12m, using air supplied from a compressor on the vessel. Gravel is pumped up to the onboard screening system (trommel). Fine material (20mm) discharged from the screening unit washes back into the sea, while diamond-bearing gravel is bagged and transported to onshore processing plants.

2

SHORE-BASED DIVER-ASSISTED MINING

Mining in the surf zone to water depths of up to 12m can also be shore-based and is locally referred to as 'walpomp' (beach pumping units). These operations are typically confined to small trap sites. The submerged target gravels are mined by at least two diver-guided suction hoses. Diamond-bearing gravel is bagged and transported to the processing plant.

3

INTERTIDAL BEACH MINING USING MOBILE PUMPS

A dredging unit mounted on an excavator or on a jack-up rig uses a remotely operated articulated dredging arm to scour or dredge the seafloor. The method is applied for generally lower grade, larger volumes of gravel and thicker sand overburden. Material is pumped from the seafloor and screened through a classifier normally mounted onboard the mining platform or mobile unit. The screened material is pumped ashore into storage bins, which are transported to processing plants.

4

VESSEL-BASED REMOTE-DREDGE PUMP MINING

Typically used in 'a' and 'b' sea concessions in below-30m depths, these vessels are smaller than those for remote airlift and crawler mining and can operate from Port Nolloth and Alexander Bay. Vessel-mounted pumps dredge sediments from the seabed using hoses and a digging head. The mining tool is suspended over the side from the craft or along either side of the vessel. Onboard screening and processing is self-contained with final recovery of diamonds taking place on the vessel.

5 VESSEL-BASED AIRLIFT MINING

Similar in many ways to dredge-pump mining method except that air is pumped down to the digging head, creating a pressure differential between aerated seawater in the return hose and ambient seawater, which in turn draws up (sucks) gravel and sediment to the surface. This method is suitable for 'b' and 'c' concessions in water depths between 30m and 150m. The mining tool is suspended from davits (cranes) along the side of the vessel. Onboard screening and processing is self-contained with final recovery of diamonds taking pace on the vessel.

6 COFFERDAM MINING

Cofferdams restrict the inflow of sea water into the active mining block using submersible pumps to direct the water back into the sea. Overburden material from the mine block is used in the construction and maintenance of the sea wall. The target gravel is screened at an infield facility, with the separated size fraction being transported to the processing plant. Alexkor's cofferdam mining was suspended in 2021 due to a compliance notice by the Department of Forestry, Fisheries and the Environment (DFFE). Review proceedings against DFFE are ongoing, with Alexkor having requested arbitration to resolve the matter. Background may be found on pages 50 and 51 of Alexkor's 2022/23 integrated report.

7 VESSEL-BASED REMOTE CRAWLER MINING

Also used in 'b' and 'c' sea concessions, the crawler operates in water depths between 30m and 200m. The vessel operates on a four-point mooring spread with dynamic positioning to assist crawler mining. The crawler — lowered to the seabed by a winch system over the stern of the vessel — is track-driven and equipped with a dredge pump, hydraulic powerpack and a jet-water system to agitate and suck up to the vessel unconsolidated surficial sediments for onboard screening and processing, with unwanted material discarded. The crawler can remove sediments to a depth of up to 5m. Mining and processing, including final diamond recovery, take place on the vessel.

8 PROCESSING PLANTS

The diamondiferous gravel mined by contractors is processed through the Alexander Bay processing plant, which was refurbished with the adjacent sorting house in May 2017. Mobile containerised optical and x-ray sorter machines used on the mine alleviate production pressure on the plant, ensuring only a final concentrate is sent for sorting. Sorting is fully secured, with every aspect monitored by video cameras in a centralised control room. Following a post-year-end drop in production, alternative methods to enhance recovery were investigated during the review year.

RISKS AND **OPPORTUNITIES**

The fulfilment of Alexkor's vision and mission is dependent on its effectiveness to identify and manage risks and opportunities. The Board continuously monitors the treatment of risks and opportunities associated with its strategy, business and operations, and the application of its enterprise risk management system throughout the organisation.

The integrated approach to risk management is integral to all Alexkor's planning and decision-making and is underscored by ethical behaviour, compliance with statutory requirements and sound accounting practices.

The adequacy and effectiveness of internal controls are frequently assessed to identify potential improvements.

The organisation faces many of the risks affecting the global business community, particularly those depicted alongside.

BUSINESS CONTINUITY

- *Lack of capacity through understaffing*
- *Insufficient exploration data*
- *RMC dysfunction*

CYBERSECURITY

Robust controls, including firewalls, deter cyberattack and firewalls are in place. There were no data breaches during the review year.

HUMAN CAPITAL

Staff numbers at the corporate unit and PSJV increased by only seven, doing little to address the organisation's capacity shortfall, which originated with a slew of lay-offs, resignations and dismissals, including at executive level, from 2019 to 2022. This has affected finance, supply chain management and other essential administrative functions and mining to a lesser extent.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Climate change is a key mining risk.

RISKS AND REMEDIAL ACTION

Risk number	Mandate/ area	Strategic outcome-oriented goal	Risk category	Risk	Risk description	Control description	Management action
1	Operations	Sustainability	Strategic risk	Financial sustainability and going-concern status	Carat production must generate sufficient sales and revenue to cover expenses and turn a profit to invest in infrastructure to sustain production and the town	Setting targets agreed with contractors to reach and exceed the minimum target of annual production to generate the revenue to sustain the mine Effective monitoring and overseeing of production operations and sites to resolve obstacles hindering production Effective communication between management and contractors to build relationship while resolving obstacles to production	• Alexkor to ensure they it has oversight responsibility of the PSJV board to ensure effective alignment with active producing contractors and production targets • Quarterly reporting on implementation progress
2	Operations	Sustainability	Strategic risk	Closure of mine due to non-compliance with the Mine Health and Safety Act	Major compliance issues addressed to prevent injury and loss of life that could result in mine closure	Effective oversight of onsite equipment infrastructure Systematic resolution of compliance issues at production sites and operations and adequate measures to prevent recurrence	• Alexkor and PSJV to ensure they have oversight responsibility to ensure the non-compliance list is resolved • PSJV board to ensure effective alignment with the Mine Health and Safety Act • Quarterly reporting on implementation progress

Risk no	Mandate/ area	Strategic outcome-oriented goal	Risk category	Risk	Risk description	Control description	Management action
3	Operations	Sustainability	Operational risk	Lack of diamond reserves to continue mining	Inability to convert diamond resources from inferred to indicated level of confidence Low confidence due to lack of upgrading of resources to required level of confidence (indicated)	Based on the Z-star report, the long- and short-term mining plan will be formulated to focus on economical mineable grade Extensive drilling programme will be implemented Bulk sampling to be introduced at Muisvlak mine Use of a drone for aerial electromagnetic surveys	• PSJV management to appoint an independent exploration team • Use Muisvlak plant for both exploration and production
4	Operations	Sustainability	Operational risk	Contractors do not achieve the required outcomes	Contractors underperforming due to inadequate funding, inappropriate equipment and, in some cases, unworkable contracts	Monthly and quarterly review of production and weekly monitoring updates Enforcing contracts and/or reviewing contractual agreements in place Regular interaction with contractors Monitoring contractors' safety standards against contracts and DPE and Department of Mineral Resources and Energy (DMRE) requirements Spend and contract allocation management Contractor assistance by the PSJV	• Renewal of contracts that have targets specific to location with incentives for performance above agreed targets • Regular interaction with contractors by the PSJV • PSJV assistance to contractors • Close monitoring of production by the PSJV

Risk no	Mandate/ area	Strategic outcome-oriented goal	Risk category	Risk	Risk description	Control description	Management action
5	Operations	Marine mining	Operational risk	Marine mining rights could be cancelled by authorities	Non-compliance with statutory regulations	Management to submit updated social and labour plan	Proposal for the deed of settlement to be amended as follows: • create a single board • conduct regular internal audits, assessments and inspections on laws and regulations
6	Operations	Mandate	Strategic risk	Non-compliance with the deed of settlement	Implementation of the deed of settlement includes the town of Alexander Bay to be handed over to Richtersveld Local Municipality	Effective implementation and monitoring of the handover by the provincial steering committee, the political leadership of Richtersveld Local Municipality Quarterly reporting Strong communication between the Board and management, monitoring the relationship and implementation progress Township handover project team established to assist the handover transition, with fees for services being reviewed to bridge the transition	Final steps have been agreed with the Richtersveld municipal manager and have the support of the mayor and the speaker to ensure fast-tracking. These involve: • meeting with the National Energy Regulator of South Africa so that the electricity distribution licence is handed over from Alexkor to the municipality • installation of a modem separating the electricity supply from Eskom to Alexkor to a supply to the mine and a supply to the town of Alexander Bay • cost analysis of services for the town provided to the municipal manager • handover to the municipality of the electricity meters at the 499 houses, which would enable the municipality to start collecting rates and revenue from electricity sales These steps would complete the first phase of the handover, paving the way for the next phases, which include roads, parks, refuse removal, cleaning and water services

Risk no	Mandate/ area	Strategic outcome-oriented goal	Risk category	Risk	Risk description	Control description	Management action
7	Operations	Property management	Operational risk	Failure to recover rent, maintain houses and manage tenants	Company inability to determine changes of residents in the houses. The properties are managed by the PSJV and should be managed by Alexkor	Collaboration between Alexkor and the PSJV in the implementation process Ongoing monitoring and reporting of eviction policy implementation	• Ongoing monitoring and reporting of housing policy implementation • Alexkor to assume management of the properties from the PSJV in the implementation process • Housing, particularly guesthouses, to be managed by an external entity
8	Supply chain management	Compliance	Procurement risk	Risk of irregular and fruitless and wasteful expenditure	Risk of non-compliance with supply chain management rules and regulations, resulting in irregular expenditure Risk of acquiring goods and services that are fruitless and wasteful	Completion of compliance checklists against laws and regulations for all procurement Market analysis to be performed, documented and signed off before any procurement takes place to assess the rand values and quality of services and goods Completion of independence declarations by management and persons involved in supply chain processes	• Continuous contract management monitoring • Regular fraud assessment through internal audit processes
9	Financial management	Clean audit	Operational	Lack of finance standard operating procedures	Day-to-day duties may not be completed due to lack of standard operating procedures	Design and implement procedures	• Draft standard operating procedures • Provide refresher training to staff on new procedures • Measure performance of the finance team
10	Information technology	Sustainability	Information technology risks	Risk of malware attacks	The entity is not protected against malware and viruses	Ensuring that the most up-to-date antivirus programs are installed Use of firewalls	• Automatic update of antivirus software • Frequent backups

Action	Progress
Landfill site licence and agreement	Agreement between Alexkor and municipality concluded
Rehabilitation assessment of landfill site	Municipality to appoint service provider
Asset register made available to assist municipality to unbundle assets	Alexkor provided asset register. Additional assets to be included
Monthly cost for servicing the town	Cost sheet submitted. Alexkor to clarify
Internal road network due diligence	Municipality conducted provisional assessment, which is being considered
Application for electricity distribution	Approval awaited of the municipal application to the National Energy Regulator of South Africa for electricity distribution licence
Transfer of Alexander Bay water licence	Name change from Alexkor to Richtersveld Local Municipality in progress. Approval awaited of the municipal application for water use licence
Training of municipality staff	Ongoing
Installation of water and electricity prepaid meters	Alexkor completed installation of electricity meters. Water meter installation in progress
Transfer of parks and cemetery	Municipality environmental impact assessment to be concluded for the transfer of the cemetery
Parks and gardens still with Alexkor	Public participation

STAKEHOLDER ENGAGEMENT

Constructive, cordial and mutually beneficial stakeholder relationships are the foundation on which all growth and progress rely and an essential element for Alexkor to generate the value its stakeholders expect. Thus, much emphasis is placed on establishing and maintaining connections with, among others, its government partners and the communities in which it operates. As community members often have conflicting interests and increasing demands, these relationships are managed continuously to ensure that stakeholders' needs are met, their concerns considered and their quality of life ensured.

In addition to these role-players, the company has diverse internal and external stakeholders, each with needs, interests and influence.

The stakeholder universe comprises 14 groups of stakeholders with direct or indirect impact on the business operations.

Stakeholders are identified and categorised according to their relationship with and interest in Alexkor and its operations. This forms the basis of the stakeholder relationship management approach, which depends on thorough understanding of the interests and influences of audiences and the realisation that each constituent group has different concerns and views. The evolving needs and changing perceptions of these groups are monitored constantly to ensure effective management of relations, which is essential if Alexkor is to secure unimpeded access to mines, its safety record and a positive reputation.

STAKEHOLDERS AND ACTIVITIES

GOVERNMENT, THROUGH THE DEPARTMENT OF PUBLIC ENTERPRISES

Reason to engage

Maintain constructive relationships with the department and secure its support to achieve short- and long-term business objectives

How Alexkor engages:

General **engagements** and quarterly **reporting** to DPE

Intended outcomes

Business strategy and planned targets **approved for implementation**

PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES

Reason to engage

Demonstrate accountability, garner support and debate and resolve business challenges

How Alexkor engages

Board engagements with the shareholder

Intended outcomes

Transparency and **accountability** to the country and its citizens on Alexkor's business and social cohesion activities

NATIONAL TREASURY

Reason to engage

Seek guidance on finance-related issues such as **PFMA compliance**

How Alexkor engages

Submission of corporate plans, budgets, financial statements and integrated reporting

Intended outcomes

Sound financial accountability and governance

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR AND STATE DIAMOND TRADER

Reason to engage

- **Licensing** of **selling** and **buying** of diamonds. (10% of production is sold to the State Diamond Trader)
- **Beneficiation** of diamonds

How Alexkor engages:

- Diamond Export and Exchange Centre **tender**
- **Negotiations** on the selection of the 10% production allocation

Intended outcomes

- Selling of diamonds in open tender, **ensuring best prices** (market values)
- **Agreement and sale** of 10% of diamond production

DEPARTMENT OF MINERAL RESOURCES AND ENERGY (DMRE)

Reason to engage

- Retain **licence** to operate
- Guidance on transformation and employment equity **requirements**
- Report on **compliance** with Mining Charter
- Keep the department **informed** of the company's broad-based black economic empowerment and enterprise development

How Alexkor engages:

- Annual **statutory reports** to DMRE
- Meetings and **site visits** with senior DMRE officials

Intended outcomes

- Ongoing **compliance** with health, safety and environmental regulations
- Implementation of **social** and **labour plan commitments**

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

Reason to engage

Implementation of the **deed of settlement**

How Alexkor engages:

Obtain assistance from the department on effective implementation of the deed

Intended outcomes

Effective implementation of the deed of settlement

NORTHERN CAPE GOVERNMENT

Reason to engage

Ensure a **smooth town handover** of Alexander Bay to Richtersveld Local Municipality

How Alexkor engages:

Quarterly **meetings**

Intended outcomes

Successful town handover

RICHTERSVELD LOCAL MUNICIPALITY

Reason to engage

- Town **handover**
- Community **projects**

How Alexkor engages:

- Guidance on **priority** community projects
- Monthly **meetings** on the handover
- Regular engagement on water supply and crisis management for Port Nolloth

Intended outcomes

Successful town handover

RICHTERSVELD MINING COMPANY

Reason to engage

The CPA, working with the Companies and Intellectual Property Commission, is regularising the RMC board to enable it to **communicate with the community governance structure**

How Alexkor engages:

Not applicable until the RMC is functional but there are **regular meetings** and **engagements** with CPA representatives

Intended outcomes

Resolved community issues and **strengthened relations** between Alexkor and the shareholder of the joint venture partner

NORTHERN CAPE ECONOMIC DEVELOPMENT, TRADE AND INVESTMENT PROMOTION AGENCY

Reason to engage

Alexkor's role in the Boegoebaai harbour and the associated **green hydrogen project**

How Alexkor engages:

Regular **meetings**

Intended outcomes

Successful development of the Boegoebaai harbour and green hydrogen project

TRANSNET

Reason to engage

Discussing port-related matters in preparation for the Boegoebaai harbour and green hydrogen project, which includes a new deepwater port and rail network to serve the new production hub and mines in Northern Cape

How Alexkor engages:

Quarterly **meetings**

Intended outcomes

Productive partnership leading to successful Boegoebaai harbour and green hydrogen project

ORGANISED LABOUR (NATIONAL UNION OF MINEWORKERS)

Reason to engage

Maintaining sound relations among union officials, employees and management

How Alexkor engages:

Regular meetings to discuss salary increases and other pertinent workforce issues

Intended outcomes

A constructive relationship with labour to maintain productive working conditions, ensuring Alexkor's sustainability

CONTRACTORS AND OTHER SERVICE PROVIDERS

Reason to engage

- Nurturing an environment in which **teamwork** maximises production and employee development
- Enforcing **conduct requirements** to eliminate corruption

How Alexkor engages:

Agreements between major contractors and Alexkor, indicating **responsibilities** and **conduct expected**

Intended outcomes

Production sustainability, upholding of health and safety standards and combatting of fraudulent practices

ENVIRONMENTAL, SOCIAL AND GOVERNANCE IMPERATIVES

The emergence of environmental, social and governance (ESG) factors reflects companies' recognition of the importance they play in operational success and sustainability and as an integral part of integrated reporting. ESG encompasses issues such as natural resource use, energy efficiency and usage, waste management, reduction of carbon footprint and greenhouse gas emissions, safety and human rights, all of which are of major concern in Alexkor's environment given the high expectations on mining due to its substantial social and environmental consequences and its significant economic contribution.

Companies such as Alexkor must answer to the government, local communities and civil society organisations on, among others, employment creation and the advancement of diversity, equity and inclusion. Investors and prospective business partners increasingly consider companies' business practices before considering forging ties. In addition, greater regulatory pressure is being brought to bear on companies to behave as corporate citizens with conscience and the market is seeking more sustainable products.

Analysis of ESG factors allows a company to identify and mitigate risks and comply with changing sustainability disclosure standards. Important to Alexkor are International Financial Reporting Standards (IFRS) standards 1 and 2, the Taskforce on Nature-related Financial Disclosures and the European Commission's Corporate Sustainability Reporting Directive. Although Alexkor and RMC have not yet adapted operations to the new standards, several engagements were held during 2023/24 with the DFFE and DMPR on biodiversity issues. No non-compliance was reported.

Liaison is ongoing with the Northern Cape Department of Economic Development as the driver of the green hydrogen initiative, with Alexkor and RMC the mining rights and land holders. The department is being granted access to the areas earmarked for the project and provided with documentation to complete its studies.

The company is also monitoring the global business community's emphasis on ESG performance and sustainability commitment of potential business partners. Attention to this element of the business may enhance the company's ability to attract scarce and valuable skills when financial resources permit.

Indeed, mining operators must prioritise sustainability and social impact. Although Alexkor has an approved environmental management programme, which includes sustainable mining methods, mining is contractor based and not all the methods are implemented due to lack of resources. The mine lost contractors during 2023/24 due to financial constraints.

ESG factors intersect with the United Nations' Sustainable Development Goals and the advancement of many of the latter's targets relies on ESG practices, including environmental protection, better workplaces and diversity and equality.

SUSTAINABLE DEVELOPMENT GOALS

CLEAN WATER AND INFRASTRUCTURE

National Development Plan chapter → (11) Social protection

Alexkor developmental outcome

Reduce poverty. Through its involvement with small and medium enterprises across within its host communities and beyond, Alexkor generates jobs and increases income to improve social services and living standards

DPE joint indicators

Industrialisation
investment

Transformation
transforming the structure of the economy, addressing economic concentration and promoting small and medium business

Delivery/capable state
coordinating with other state players to ensure effective outcomes on mandates and the industrialisation/transformation agenda

CLEAN WATER AND INFRASTRUCTURE

National Development Plan chapter → (5) Environmental sustainability and resilience

(6) Inclusive rural economy

(11) Social protection

Alexkor developmental outcome

Alexkor is an employer in labour-intensive sectors

DPE joint indicator

Industrialisation
sector partnership

QUALITY EDUCATION

National Development Plan chapter → (9) Improving education and training

Alexkor developmental outcomes

- Alexkor supports staff's **continuous** personal development, providing educational assistance and bursaries
- External candidates benefit from **internships and learnerships.** Corporate social investment funding is channelled into schools, skills training programmes and education facilities
- In addition, **the company promotes development** of governance bodies' knowledge of economic, environmental and social topics

DPE joint indicator

Delivery/capable state
building staffing and governance capacity and quick response

GENDER EQUALITY

National Development Plan chapter
11 Social protection
12 Building safer communities

Alexkor developmental outcomes

- Alexkor **promotes gender equality** and offers business support to priority groups
- **Policies** and **frameworks are in place** to promote, enforce and monitor equality and gender non-discrimination in the workplace. These include work/life balance and flexible working conditions
- **Women's representation** in management, on the board and in the leadership of worker structures is **encouraged**

DPE joint indicator

Transformation
black economic empowerment promotion (black industrialists, women and youth)

CLEAN WATER AND SANITATION

National Development Plan chapter
4 Economic infrastructure

Alexkor developmental outcomes

- Funding provided for initiatives in water supply and sanitation and for modern waste management systems that **prevent contamination of water resources**
- **Systems such as slimes water reclaim introduced to reduce the water footprint.** Slimes water reclaim involves collecting and reusing water from slimes dams, which reduces demand for fresh water and minimises environmental impact.

DPE joint indicator

Industrialisation
green economy initiatives

DECENT WORK AND ECONOMIC GROWTH

National Development Plan chapter
3 Economy and employment

Alexkor developmental outcome

Job creation requires long-term, sustainable investments. Creation of direct jobs is monitored, as is its impact on the generation of indirect jobs

DPE joint indicators

Industrialisation

- sector partnership
- localisation outcomes
- beneficiation
- investment expansion/promotion

Transformation
addressing economic concentration and/or small and medium business promotion

INDUSTRY, INNOVATION AND INFRASTRUCTURE

National Development Plan chapter

4 Economic infrastructure

Alexkor developmental outcomes

- Alexkor **funding** contributes to access to infrastructure and to the internet
- Alexkor seeks **stakeholder participation** in decision-making for energy planning and infrastructure development
- Small and medium enterprises are included in the **value chains**, with localisation and project development high on the agenda

DPE joint indicators

Delivery/capable state

coordinating with fellow state-owned entities to ensure effective outcomes on mandates and the industrialisation/ transformation agenda

Industrialisation

- sector partnership
- investment expansion/promotion
- integrated delivery: entities to identify and implement measures to integrate their work with that of other public institutions

REDUCED INEQUALITIES

National Development Plan chapter

3 Economy and employment

11 Social protection

15 Nation-building and social cohesion

Alexkor developmental outcomes

- **Transformation objectives** focus on funding support, creation of enabling environments and non-financial support for black-, women- and youth-owned businesses
- **Funding support** for localisation and small businesses
- **Participation** in intercontinental projects and support for supplier development programmes
- **Social investment** includes initiatives to enhance financial literacy
- **Alexkor implements policies and procedures** for assessing and screening environmental and social risks in business lines

DPE joint indicators

Delivery/capable state

coordinating with fellow state-owned entities to ensure effective outcomes on mandates and the industrialisation/transformation agenda

Industrialisation

- sector partnership
- investment expansion/promotion
- integrated delivery: entities to identify and implement measures to integrate their work with that of other public institutions

GENDER EQUALITY

National Development Plan chapter → 5 Environmental sustainability and resilience

Alexkor developmental outcomes

- Alexkor is a **signatory to international conventions** and adopted frameworks to ensure its investments cause minimal environmental damage and mitigate potential harmful impact
- Policies and **procedures in place** to assess and screen environmental and social risks in the business
- The integrated report demonstrates **accountability for sustainability**

DPE joint indicators

Industrialisation

- sector partnerships: masterplans
- localisation outcomes
- beneficiation
- African and global exports
- green economy initiatives

Transformation

- structure of economy: addressing economic concentration and/or small and medium enterprise promotion
- township economy: promotion of opportunities in the township economy

GENDER EQUALITY

National Development Plan chapter → 5 Environmental sustainability and resilience

Alexkor developmental outcomes

- Alexkor **supports environmental sustainability** and ESG in its own operations. It encourages responsible ESG practices by its clients
- Increasing its role to **develop the green economy** through a comprehensive ESG strategy in progress

DPE joint indicator

Industrialisation

- sector partnership
- green economy investments

PEACE, JUSTICE AND STRONG INSTITUTIONS

National Development Plan chapter → 13 Building a capable and developmental state

14 Fighting corruption

Alexkor developmental outcomes

- Business ethics are non-negotiable and there is **zero tolerance for transgressors**
- Compliance with **laws** and adherence to **anti-corruption** and **fraud prevention policies** are monitored to ensure continuous improvement

DPE joint indicator

Delivery/capable state

- building entity staffing and governance capacity and quick response
- addressing red tape and compliance in internal processes to improve turnaround times
- reviewing legislation, identifying possible reforms to help external users and create more agile institutions

CAPITALS

HUMAN CAPITAL

At the heart of all that Alexkor does is the human element – knowledgeable, hard-working, committed and skilled executives, management and staff in the office, contractors at the mining sites and service providers supplying products and services from across the country.

Investment in talent acquisition and retention is paramount in building the most effective team. It is essential to create and maintain a secure, healthy, safe and productivity-conducive work environment in which employees can thrive and progress in their careers.

The leadership team lives the group values and inspires staff to do likewise. Employees benefit from wellness initiatives, including substance abuse support, and are offered opportunities to move up the corporate ladder.

Attracting and retaining high-calibre and appropriately skilled people are ongoing challenges, however however, particularly with growing computerisation. Therefore, Alexkor, despite its inadequate financial resources, strives to offer competitive and attractive work packages that will appeal to those it seeks to recruit.

HIGHLIGHTS DURING 2023/24

R966 831
Investment in staff welfare (2023: R1 163 469).

R41 410 932
spent on employee salaries and benefits

DIVERSITY

86%
historically disadvantaged persons in management at Alexkor RMC and 89% at Alexkor group

94%
women in total workforce

During the year, former employee Mervyn Carstens referred a grievance to the Commission for Conciliation, Mediation and Arbitration (CCMA). The matter remains in the labour court (see page 46).

INTELLECTUAL CAPITAL

A values-driven, performance-oriented culture is the key to achieving strategic objectives. Efficiency and effectiveness also depend on sound management policies and systems and openness to innovation in both technology and work methods.

Work continued during the year on a revised business model to unlock shareholder value and further community upliftment.

However, there was no investment in scarce skills acquisition due to lack of funds.

RELATIONSHIP CAPITAL

Constructive stakeholder relationships are key to maintaining the organisation's reputation and licences to operate.

Alexkor continues to enjoy a respectful and positive relationship with its employees, both unionised and non-unionised, and with the union. It works closely with government representatives and regulators, ensuring delivery against its strategic objectives and complying with state and regulatory requirements.

The organisation is also committed to fostering mutually beneficial ties with shareholders, the investment community and customers, drawing on its product quality and service standards as foundations.

It also heeds the growing call from constituents for enhanced environmental, social and governance (ESG) standards, while balancing the oft-differing needs of stakeholder groups and reinforcing trust with partners and customers.

HIGHLIGHTS DURING 2023/24

Employee turnover rate of **5.3%**, far lower than the industry norm

No industrial action, underscoring the health of the relationship with staff and the union

Strong links across all spheres of government based on regular liaison, consistent compliance and advancement of transformation and developmental goals

Growing contribution to National Development Plan objectives

Continued **community engagement** on opportunities, infrastructure and services, notwithstanding ongoing service delivery issues that hold the threat of protests

In line with the Skills Development Act 1998 and the 2018 Mining Charter, Alexkor prioritises training and development of both staff and the community.

Community relationships require a balance between mining and socio-economic development. The company contributes to the latter through voluntary donations in line with its donations policy and the implementation of the social and labour plan with Richtersveld Local Municipality.

Local entrepreneurs are supported through training and award of mining contracts.

HIGHLIGHTS DURING 2023/24

R2 845 026.19
invested in employee training and development

R1 020 625.13
channelled into corporate social investment (see table on page 30)

R866 000
spent on education in the mine community and the region

R1 868 531.50
invested in social and labour plan initiatives

Initiative	2023/24 investment	2022/23 investment
Social and labour projects	R1 868 531.50	-
Training and development	R2 485 300	R1 886 846.19
Housing and living conditions upgrade	-	R1 323 701.30
Beauvillion small-scale farming project	-	-
School and education support	R866 000	R662 526.17
Adult education and training	-	-

A donations policy guides general assistance provided to the community. This includes funeral services, student registration feels, financial support for the local rugby club, alcohol and substance abuse awareness programme for schools and small, medium and micro enterprise development.

NATURAL RESOURCES CAPITAL

The business model involves converting mineral resources into social and economic value, which unavoidably has an impact on the environment.

Alexkor holds water use licence no14/D82L/G2403, which was granted by the Department of Water and Sanitation on 11 January 2015 and is valid until 11 January 2035. Alexkor also supplies water to Alexander Bay and Port Nolloth.

Operating in water-scarce Northern Cape, Alexkor must adhere to responsible management practices to ensure water quality standards and access to the resource for fellow users.

Water consumption rose from 1 240 167m^3 in the previous financial year to 1 644 504m^3 in 2023/24, as seen in the table below. The increase stemmed from greater demand from Port Nolloth, whose alternative water supply was insufficient, due to higher mining activities and consequent influx of people to the mine.

WATER CONSUMPTION (m^3)				
Date	Total	Mining	Alexander Bay	Port Nolloth
April 23	147 390	31 222	91 068	25 100
May 23	120 978	41 148	66 500	13 330
June 23	135 977	56 437	64 320	15 220
July 23	130 000	49 390	65 000	15 610
August 23	130 000	44 730	66 580	18 690
September 23	138 169	60 439	68 790	8 940
October 23	104 046	26 756	64 210	13 080
November 23	146 182	68 492	65 850	11 840
December 23	128 828	38 266	66 952	23 610
January 24	171 849	44 277	114 712	12 860
February 24	154 395	61 405	78 600	14 390
March 24	136 690	82 131	39 789	14 770

Alexkor applies ecological sustainability practices to avoid environmental damage that could arise from its operations. It is testament to the success of these efforts that no serious (level 3 to 5) environmental incident has occurred in eight consecutive years.

Energy consumption was 28 433 GJ.

AVERAGE MONTHLY CONSUMPTION (kWh)	2022/23	2023/24
Rietfontein	1 482	9172
Muisvlak	33 925	70 991
Alexander Bay	593 114	666 914

Diesel usage was 293 516M, but this was difficult to define accurately as diesel is used by the mine, town inhabitants and tourists.

Carat volumes decreased to 23 000 in the review year from almost 35 000 in 2022/23. The extraction and processing of diamonds are undetermined and lack of state and private investment continues to thwart efforts to establish these with any certainty. Hence, Alexkor needs to explore other means of revenue, including greener technology. Again, this hinges on financial capacity.

FINANCIAL CAPITAL

Constrained finances continued to hinder the organisation's progress during the year under review, perpetuating reliance on ageing and ailing assets and preventing much-needed exploration to uncover new mining potential.

Property, plant and equipment book value was R40 395 448 at year-end compared to the R48 070 189 of 2022/23.

Alexkor understands that the cornerstone of every successful, sustainable entity is a strong governance structure combined with a culture of ethics of integrity guided by well-crafted policies and underscored by solid leadership focused on creating value for shareholder and stakeholder.

SECTION C

THE **BOARD**

The company adheres to the principles of fairness, accountability, responsibility and transparency as the foundation for corporate governance, which is implemented according to King IV requirements despite company constraints.

Sound ethics are paramount and a culture of integrity is key to effective performance. A code of ethics continues to guide Alexkor's business dealings.

THE BOARD

The Board is the custodian of governance and sets the tone for good corporate governance throughout the company. The Alexkor Board was appointed in 2021/22. The following Board members served on the Board for the year under review:

- Dr Patricia Hanekom
- Quentin Green
- Prof Mavis Hermanus
- Karabo Mbele
- Dineo Peta
- Prof Francis Petersen
- Alan Roberts
- Hilary Swartbooi
- Trevor Folwer (ex officio baord member)

Prof Mavis Hermanus resigned and Alan Roberts passed away during the year. Their positions were taken just before financial year-end by Quentin Green and Prof Francis Petersen.

The mining operations of Alexkor are performed through the RMC PSJV, which comprises six non-executive directors. Three represent Alexkor, namely Dr Patricia Hanekom (Chairperson), Alan Roberts (until January 2024) and Dineo Peta. The three non-executive directors appointed by the court to the joint board to represent the community are Ryno Thomas, Henee de Wee and Alvira Joseph.

BOARD CHARTER

The Board Charter sets out procedures for formal and transparent Board nominations. Emphasis is placed on a mix of skills and experience as well as diversity, size and demographics. The charter details the roles and responsibilities of the Board and individual directors. It allows members to seek independent advice, at the company's cost, to enhance their ability to conduct their fiduciary duties and responsibilities.

The charter is reviewed at least annually, informed by statutory and regulatory requirements including the PFMA, Companies Act, as amended, the Alexkor Act, King IV and the company's memorandum of incorporation.

The three committees appointed to assume certain roles on behalf of the Board are the Audit and Risk Committee, the Social, Ethics and Human Resources Committee and the Environmental Rehabilitation and Operations Committee.

RESPONSIBILITIES OF KEY PERSONNEL

The responsibilities of the Chairperson and CEO are clearly defined and separated, as outlined in the Board Charter, which provides a framework for how the Board operates, as well as the type of decisions to be taken by the Board and decisions to be delegated to Board committees and to the CEO. While the Board delegates certain authority to the CEO, no individual nor group has unrestricted powers.

The Chairperson leads the Board, ensuring its integrity and effectiveness and those of its committees. The CEO is responsible for effectively managing and running the business according to Board-sanctioned strategies and objectives.

The Company Secretary takes care of governance and administration of Board affairs and is responsible for the efficiency and effectiveness of the Board and its committees. The service must provide impartial advice and support to the directors.

Messina Incorporated Attorneys, represented by Lopang Peacock, fulfils this role.

BOARD MEETINGS AND ATTENDANCE

Alexkor SOC Ltd Board meetings				
	28/04/2023	31/07/2023	31/10/2023	24/11/2023
Dr Patricia Hanekom	√	√	√	√
Quentin Green*	N/A	N/A	N/A	N/A
Prof Mavis Hermanus**	√	√	N/A	N/A
Karabo Mbele	√	√	√	√
Dineo Peta	√	√	√	√
Prof Francis Petersen*	N/A	N/A	N/A	N/A
Alan Roberts	√	√	√	√
Hilary Swartbooi	√	√	√	√

**Quentin Green and Prof Francis Petersen were appointed as permanent members of the Board of Alexkor SOC Ltd only on 26 March 2024, so did not attend any Board meetings in the financial year.*
***Prof Mavis Hermanus resigned as a member of the Board of Alexkor SOC Ltd on 29 September 2023.*

PSJV board meetings								
	21/06/2023	27/06/2023	17/08/2023 (induction meeting)	18/08/2023	29/09/2023	16/11/2023	23/11/2023	12/02/2024
Dr Patricia Hanekom	√	√	√	√	√	√	√	√
Henee De Wee	X	√	√	√	√	√	√	√
Alvira Joseph	X	X	√	√	X	X	X	√
Dineo Peta	√	√	√	√	√	√	√	√
Alan Roberts	√	√	√	√	√	√	√	√
Ryno Thomas	X	√	√	√	√	X	√	X

REMUNERATION

Directors' remuneration for the year ended 31 March 2024

Directors	Board fees R'000	Annual retainer R'000	Audit and Risk Committee R'000	Social, Ethics and Human Resources Committee R'000	Environmental Rehabilitation and Operations Committee R'000	Total R'000
Dr Patricia Hanekom	158 400	220 000	31 800	-	-	410 200
Dineo Peta	198 000	122 200	39 600	-	31 800	391 600
Hilary Swaartbooi	145 200	122 200	-	31 800	-	299 200
Karabo Mbele	26 400	122 200	-	19 800	-	168 400
Prof Mavis Hermanus	79 200	-	-	-	19 800	99 000
Alan Roberts	198 000	91 650	-	31 800	-	321 450
Alvira Joseph — PSJV	1 200	-	-	-	-	1 200
Henee de Wee — PSJV	7 632	-	-	-	-	7 632
Hilary Swartbooi — PSJV	1 200	-	-	-	-	1 200
Ryno Thomas — PSJV	8 868	-	-	-	-	8 868
	825 300	**678 250**	**71 400**	**83 400**	**51 600**	**1 709 950**

BOARD COMMITTEE **REPORTS**

REPORT OF THE SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE

The members of the committee are:

- Kabelo Mbele (Chairperson)
- Hilary Swartbooi
- Quentin Green

The committee met three times during the review year.

Meeting dates and attendance			
	26/04/2023	21/07/2023	20/10/2023
Alan Roberts	√	√	√
Hilary Swartbooi	√	√	√
Karabo Mbele	√	√	√

This report provides an overview of the human resources division of Alexkor SOC activities and initiatives for the 2023/24 reporting period. In line with Alexkor strategic objectives, the entity has implemented interventions to enhance workforce wellness, foster equity, strengthen employee relations and support social upliftment. Through these efforts, it continues to support the entity's goals for sustainable growth and positive social impact.

COMPLIANCE AND GOVERNANCE

Alexkor's policies and practices are in full compliance with good corporate governance standards and recommendations from external audits. The entity follows best practices in human resources management, ensuring a high standard of transparency, accountability and ethical operations.

KEY INTERVENTIONS

The human resources department focused on the following key initiatives to ensure alignment with Alexkor's corporate objectives:

- Employee wellness: Alexkor prioritises employee health and wellbeing, addressing both physical and mental health needs. Wellness initiatives included interventions to combat substance abuse, providing resources and support for employees affected by this challenge.
- Employment equity: the company demonstrates its continued commitment to employment equity through its ongoing gender and employment equity programme. This programme promotes diversity and inclusivity across all levels of the organisation, ensuring that Alexkor remains a fair and balanced workplace.
- Talent sourcing and placement: strategic sourcing and placement initiatives have been directed toward filling crucial positions in the organisation. This addresses skill gaps and enhances the company's operational capacity by placing skilled professionals in roles essential to achieving objectives.
- Employee relations: Alexkor is committed to maintaining positive employee relations, emphasising corrective behaviour and action where necessary. Through effective employee relations practices, the company fosters a collaborative work environment and aligns employee behaviour with organisational values.
- Corporate social investment: to promote social and economic upliftment, Alexkor has engaged actively in corporate social investment. Initiatives seek to make a lasting positive impact on the communities in which the company operates.

EDUCATIONAL SUPPORT IN LABOUR-SENDING AREAS

Alexkor has made significant contributions to educational development in labour-sending areas by supporting the schools in these communities. Specifically:

- Teacher support: Alexkor provides financial assistance to schools by contributing to the salaries of teachers appointed by school governing bodies. This ensures that schools are staffed by dedicated educators, enabling them to deliver high-quality education to students.
- Social labour plan progress: the company's social labour plan for 2024/25 is underway. The plan underlines Alexkor's commitment to social responsibility and sustainable development, focusing on initiatives that will benefit both the workforce and surrounding communities.
- Student development in sports, including athletics: additional support is provided for students representing their schools at provincial and national sports and athletics events, fostering the growth and development of young talent in the mining community.

CONCLUSION

The human resources division remains committed to supporting Alexkor's goals by implementing targeted interventions that drive wellness, equity and positive employee relations. Through continued corporate social investment and adherence to best governance practices, the company demonstrates its dedication to both operational excellence and community upliftment. This report reaffirms its commitment to achieving a balanced, supportive and inclusive workplace while contributing positively to society.

This report captures the core human resources activities and their alignment with Alexkor's strategic objectives, ensuring that the organisation remains compliant, progressive and socially responsible.

Karabo Mbele
Social, Ethics and Human Resources Committee Chairperson

REPORT OF THE ENVIRONMENTAL REHABILITATION AND OPERATIONS COMMITTEE

The members of the committee are:

- Dineo Peta (Chairperson)
- Karabo Mbele
- Prof Francis Petersen
- Trevor Fowler (ex-officio)

The committee met three times during the review year.

Meeting dates and attendance			
	18/04/2023	12/07/2023	20/10/2023
Prof Mavis Hermanus	√	√	N/A
Dineo Peta	√	√	√
Karabo Mbele	√	√	√

The committee assists the Board with oversight of Alexkor SOC and guides management's environmental rehabilitation and operations work in line with policies and legislation.

DISCUSSION POINTS

Production declined by 50% in the reporting period due to limited sea days and a decline in land operations caused by a drop in both contractor numbers and performance.

This has implications for the sales forecast for 2024/25, which has been estimated to be lower — by 25% for rough diamonds and 40% for synthetic diamonds. Furthermore, the diamond price decreased. The Muisvlak plant, which had recently been recommissioned and was operational to enable contractors to operate in Port Nolloth, was placed under care and maintenance.

A rehabilitation assessment conducted for historic and current environmental disturbances found that the company's environmental liability had remained unaltered. Registration of the rehabilitation trust is pending. Six environmental codes of practice were developed during the review year, with internal audits indicating that. that contractors are 89% compliant with such codes.

A DMRE Mine Health and Safety Act (29 of 1996) audit pointed to the need for an upgrade of the company's safety management system. An action plan was developed and implemented to address this. No major incidents were reported during the reporting period.

The company has been a party to several litigation matters that may affect operations. By year-end, it had lodged an application for a judicial review of the DFFE's decision to uphold the 2022 compliance notice for its cofferdam mining operations and the matter remains pending. Furthermore, one of the two rights double granted to separate entities has been appealed to the Constitutional Court and the other is the subject of an internal appeal at the DMRE.

Dineo Peta
Environmental Rehabilitation and Operations Committee Chairperson

The organisation measures its annual performance against DPE-agreed targets linked to key performance indicators aligned to the Alexkor strategic pillars. During the review year, it achieved seven of its 14 targets.

SECTION D

Strategic pillar	Weighting	Key performance area	Key performance	Unit of measure	Target 2023/24	Actual 2023/24	Status	Key performance	Comments	Action plan
Financial sustainability	30	Revenue generation/ enhancement	Rental income collected	%	55%	32%	Not achieved	Rental income collected	Tenants not willing to sign lease agreements and refuse to pay rental. The legal process of notifying illegal occupants of the intention to evict them has been sent. However, after significant resistance, it was not pursued and the support of the Sida !hub was sought.	Start with eviction process against the defaulting tenants and recoup outstanding arrears through a legal action process.
			Earnings before interest, tax, depreciation and amortisation (PSJV)	%	5	6%	Achieved	Earnings before interest, tax, depreciation and amortisation (PSJV)		
Operational excellence	30	Production and efficiency	Land and marine production	Carats	34 000	23 081	Not achieved	Land and marine production	Land production decreased dramatically due to the decrease in production at Witvoorkop (resource depleted) and the mining difficulties at Kortdoorn area (overburden). Land contractors decreased by 35% due to competition from mining operations on adjacent mining concessions. Cofferdam mining is on hold and was a significant contributor to beach mining but has been declared non-compliant by the DFFE The tender 01/2022 did not attract marine contractors with capacity to undertake the mining. Inferred resource statement for the land	Contracts that were to expire the end-March were extended to retain confidence of the contractors to continue producing. Contractors were engaged to determine an appropriate response to some of them departing. The decision by the minister to declare cofferdam mining compliant is under legal review. The large marine contractor was engaged on issues related to the tender.
		Safety, regulation, compliance	Fatality	Number	Zero	Zero	Achieved	Fatality	No fatalities recorded	
			Lost-time injury frequency rate	Rate	0.6	0.4	Achieved	Lost-time injury frequency rate	Fewer injuries suffered	
		Operational strategy and sustainability	Operational sustainability plan	Report submission plan	31 March 2024	Not achieved	Not achieved	Operational sustainability plan	The operational sustainability plan not finalised.	Corporate plan for 2024/25 to be implemented. Tender 01/22 finalised (appointment of contractors). Second round of tender to be started to attract and appoint more contractors. Process underway.

Strategic pillar	Weighting	Key performance area	Key performance	Unit of measure	Target 2023/24	Actual 2023/24	Status	Key performance	Comments	Action plan
Sustainable development/ socio-economic and environmental impact	10	Corporate social investment/ local community development	Agricultural project commissioned	Number of projects commissioned	One project commissioned by 31 March 2024	-	Not achieved	Agricultural project commissioned	Key performance indicator not achieved as the partnership with the farm did not materialise as expected.	Engagement with farm manager to identify project.
		Industrialisation and localisation	Spent on local procurement (Richtersveld area)	% of R amounts spent	20%	5%	Not achieved	Spent on local procurement (Richtersveld area)	Only 6% of the local community is skilled, which results in locals being used as a front for business partners outside labour-sending areas.	A tender process will be instituted to procure services providers for the maintenance of the town, houses and administrative buildings in Alexander Bay. Tender to be out for locals only and if services are not available, tender for providers outside labour-sending areas.
		Environment management and sustainability	Compliance to rehabilitation plan	Area (ha) rehabilitated (Arrisdrift_ Witvoorkop, Perdevlei)	75ha	17.4594ha	Not achieved	Compliance to rehabilitation plan	Rehabilitation is performed through concurrent rehabilitation and mining. The 75ha was not achieved because the own mining and rehabilitation project was delayed due to a lack of capacity.	Due to the shortage of internal capacity, a service provider will be appointed to assist with the Perdevlei rehabilitation programme. Continue with concurrent rehabilitation.
		Climate change, energy-efficiency initiatives, green energy	Reduction in energy usage (baseline 30 March 2021)	% reduction	5% reduction by 31 March 2024	Not yet Measured		Reduction in energy usage (baseline 30 March 2021)	Not achieved partially because the production was increased significantly in 2023/24.	The areas that are not affected by the production will be addressed by utilising energy-saving equipment. Planning is being finalised for investment in more efficient equipment related to production.
			Feasibility study on solar power project	Submission date	Environmental impact assessment completed by 31 March 2024	Not started	Not achieved	Feasibility study on solar power project	No impact assessments submitted. Environmental impact assessments were initiatives from various companies. These companies approached Alexkor for possible areas where solar and wind farms may be directed. Alexkor, in its supporting role, has identified such areas.	Areas identified for such projects are available (Alexkor role in such initiatives). The Northern Cape Economic Development Department and the Office of the Presidency is currently busy with the green hydrogen project and Alexkor is in support of this project.
			Approved climate change response strategy	% of the recommendations implemented	Submission by 31 March 2024	Alexkor inputs into national climate change plan	Achieved	Approved climate change response strategy	Inputs were submitted to the Department of Public Enterprises on 20 October 2023.	Await finalised climate change plan from national government. Attend all climate change workshops proposed by national, provincial and local government.
Governance excellence	30	Audit outcome	Audit outcome	% of the recommendations implemented	80%	91%	Achieved	Audit outcome	55 of the 60 audit findings have been addressed for the 2022/23 audit.	The items that could not be rectified retrospectively. Audit support is planned for 2023/24 audit to ensure auditors are provided with the records they require.
		Risk and integrity management framework implementation plan developed.	Approved risk and integrity management framework implementation plan	Approved plan implementation plan developed	Approved plan implementation plan by 30 September 2023	Approved August 2023	Achieved	Approved risk and integrity management framework implementation plan	Risk management framework/ policy was final and adopted. A risk register is updated and monitored quarterly.	

Alexkor remains committed to sourcing the right talent for each position and providing a competitive remuneration and benefits package despite financial constraints that have left it under-capacitated in many areas. Filling key positions is a continuing priority.

SECTION E

HUMAN RESOURCES

Throughout the review year, the human resources department continued interventions aligned to the company's strategic objectives.

Focus fell on:

- Employee wellness, including combatting substance abuse
- Employment equity
- Recruitment of suitable individuals for critical positions
- Employee relations, particularly corrective behaviour and action
- Continuous drive towards improved social and economic upliftment though corporate social investment.

During 2023/24, the PSJV filled five permanent and six temporary positions. Salaries are based on the total package concept in line with the company's remuneration policy. During the year, employee salaries amounted to R41 634 112.32.

	31 March 2023	31 March 2024
ALEXKOR RMC PSJV		
Permanent employees	72	127
Temporary and casual employees	74	24
TOTAL	**146**	**151**
ALEXKOR SOC		
Permanent employees	3	6
Temporary and casual employees	2	-
TOTAL	**5**	**6**
CONTRACTORS		
Marine contractors – shallow water	273	277
Beach and land mining	617	293
Bedrock mining	62	72
Other	87	96
TOTAL	**1 039**	**738**

DISCIPLINARY MATTERS

Five disciplinary matters arose as detailed below.

Infringement	Number of cases	Action
Absence without leave while on final written warning	1	Dismissal
Absence without permission	1	Final written warning
Under the influence of alcohol	1	Final written warning
Absent without permission (first offence)	1	Verbal warning
Failure to report for work (first offence)	1	Verbal warning

One grievance was referred to the CCMA during the year under review. The Mervyn Carstens matter is still in the labour court (page 46).

SKILLS DEVELOPMENT

Investing in skills development allows the organisation to remain competitive, progressive and forward-looking. A total of R2 845 026.19 was invested in training initiatives, which included in-house training and bursary disbursements.

EMPLOYMENT EQUITY

Employment equity remains a fundamental strategic business imperative for the PSJV. To be truly competitive, the operation must create an environment conducive to development of all employees, especially those previously disadvantaged. This philosophy is applied in all recruitment and selection processes and decisions, and programmes are in place to develop and train staff, including talented and qualified black females who will form part of the succession plan. The PSJV is committed to engendering a foundation for sustainable transformation.

Employment equity status at 31 March 2024

		Male				Female				
Occupational levels	**Number of incumbents**	**African**	**Indian**	**Coloured**	**White**	**African**	**Indian**	**Coloured**	**White**	**% designated group**
Senior management	7	1	-	3	1	1	-	1	-	86%
Professionally qualified	7	1	-	5	-	1	-	-	-	100%
Skilled	43	1	-	25	4	-	-	11	2	91%
Semi-skilled	62	1	-	36	2	-	-	23	-	97%
Unskilled	8	-	-	2	-	-	-	6	-	100%
TOTAL	**127**	**4**	**-**	**71**	**7**	**2**	**-**	**41**	**2**	**95%**
Temporary employees	23	-	-	13	-	-	-	9	1	100%
TOTAL	**150**	**4**	**-**	**84**	**7**	**2**	**-**	**50**	**3**	**95%**

LEGAL AND **COMPLIANCE** MATTERS

ALEXKOR SOC LTD/RICHTERSVELD MINING COMPANY AND 13 OTHERS: CASE NO 946/2016

This matter concerns the term of office of the RMC court-appointed directors serving on the joint board of directors of the PSJV. Kimberley High Court handed down judgment on 2 June 2023 that Alviria Joseph, Ryno Thomas and Henee de Wee are duly appointed RMC members on the PSJV Board and extended the rule nisi to 26 April 2024. An application to extend the rule nisi and interim order to 30 August 2024 will be heard on 26 April 2024.

POOLING AND SHARING JOINT VENTURE AND OTHERS/MALAKAZA DIAMONDS (PTY) LTD

This matter concerns an arbitration claim by Malakaza Diamonds claiming outstanding documents and an undisclosed monetary amount. This claim is based on the assertion that monies are owed as a result of underpayment from the sale of diamonds. The arbitration was dismissed and the costs are being recovered through tax.

NATIONAL UNION OF MINEWORKERS/ALEXKOR SOC LTD AND OTHERS: CASE NO J100/21

National Union of Mineworkers brought an urgent application in the labour court to set aside retrenchments effected in December 2020. The application was struck from the urgent roll due to lack of urgency. An alternative date has yet to be allocated by the registrar of the labour court.

MERVYN CARSTENS/ALEXKOR RMC PSJV: CASE NO NC2039-20

This matter concerns a claim by Mervyn Carstens for R3.2 million for allegedly unfair dismissal. On 27 October 2023, the labour court dismissed the application to set aside the pre-arbitration minute and ordered that the CCMA set down the arbitration for as soon as possible. This judgment has been taken on appeal and, as a result, the CCMA cannot enforce the order, as the appeal suspends the operation of the order. There is no attempt by Mervyn Carstens to immediately enforce the order.

MERVYN CARSTENS/ALEXKOR RMC JV: CASE NO J1053/21

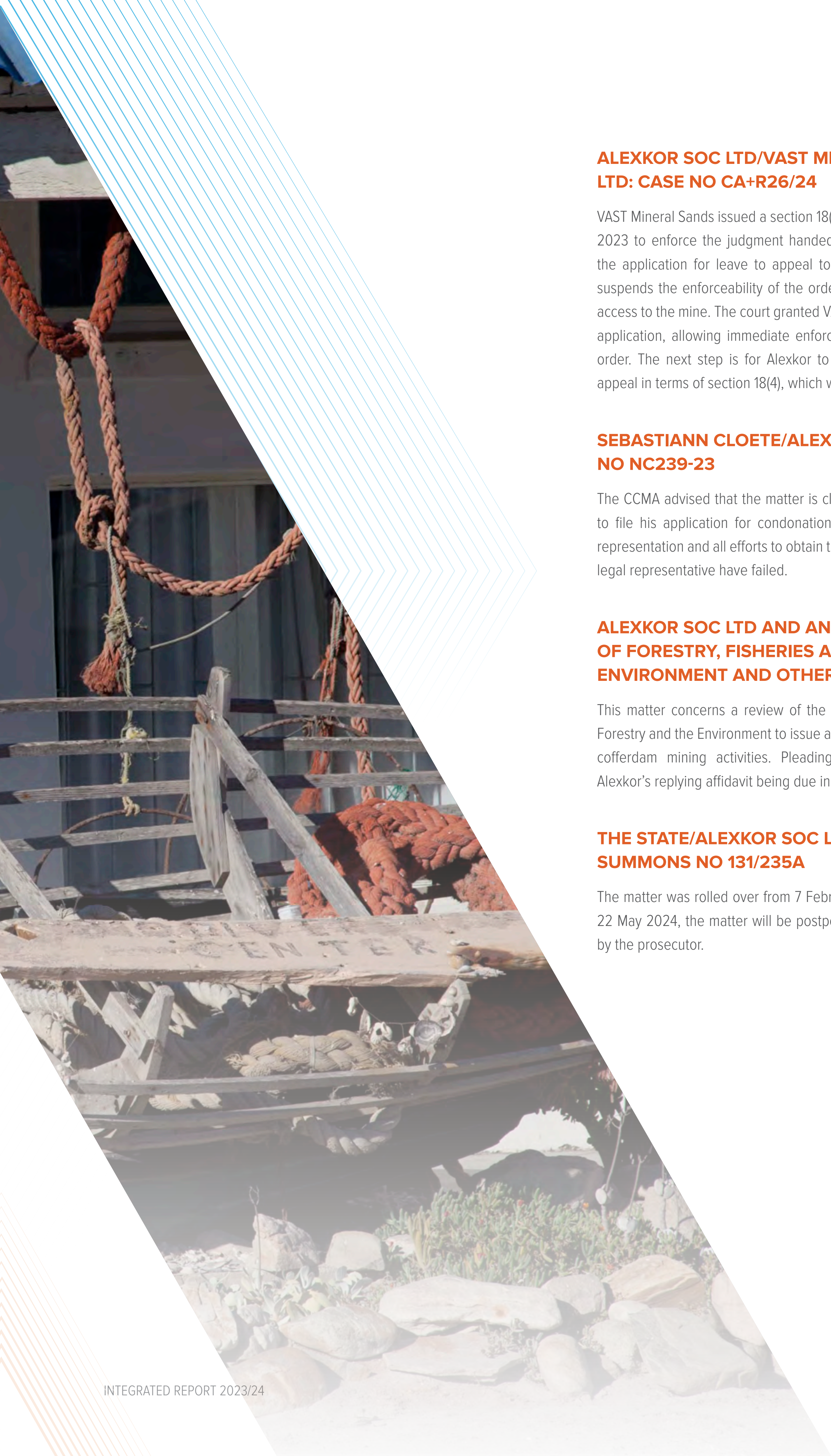
This matter concerns an application to set aside a pre-arbitration minute. The labour court dismissed the application but granted leave to appeal. The appeal has been allocated a preferential hearing date and will be heard in the third term of 2024. Mervyn Carstens has opposed the appeal.

ALEXKOR SOC/LERATO SACHAKA: CASE NO GATW2302-21

Lerato Sachaka referred Alexkor to the CCMA for unfair dismissal. The CCMA commissioner rescinded Ms Sachaka's award to proceed with the matter in the CCMA and referred it to the labour court. Ms Sachaka's period to issue an application out of the labour court expired in May 2022 and no date application was filed.

ALEXKOR SOC/VAST MINERAL SANDS (PTY) LTD: SUPREME COURT OF APPEAL CASE NO 557/24

VAST Mineral Sands issued an urgent application to be provided with access to the mine to exercise its prospecting right, granted in 2018. This application was argued in August 2023. Judgment was handed down in September 2023 granting VAST Mineral Sands access to the prospecting area for prospecting. The judgment was taken on appeal and application for leave to appeal was argued on 19 March 2024.



ALEXKOR SOC LTD/VAST MINERAL SANDS (PTY) LTD: CASE NO CA+R26/24

VAST Mineral Sands issued a section 18(3) urgent application in October 2023 to enforce the judgment handed down in September 2023, as the application for leave to appeal to the Supreme Court of Appeal suspends the enforceability of the order granting VAST Mineral Sands access to the mine. The court granted VAST Mineral Sands' section 18(3) application, allowing immediate enforcement of the abovementioned order. The next step is for Alexkor to exercise its automatic right to appeal in terms of section 18(4), which will suspend the initial order.

SEBASTIANN CLOETE/ALEXKOR SOC LTD: CASE NO NC239-23

The CCMA advised that the matter is closed and Mr Cloete is required to file his application for condonation. Mr Cloete changed his legal representation and all efforts to obtain the contact details for his current legal representative have failed.

ALEXKOR SOC LTD AND ANOTHER/DEPARTMENT OF FORESTRY, FISHERIES AND THE ENVIRONMENT AND OTHERS: CASE NO 36510/23

This matter concerns a review of the decision by the Department of Forestry and the Environment to issue a compliance notice for Alexkor's cofferdam mining activities. Pleadings have not yet closed, with Alexkor's replying affidavit being due in May 2024.

THE STATE/ALEXKOR SOC LTD AND OTHERS: SUMMONS NO 131/235A

The matter was rolled over from 7 February 2024 to 22 May 2024. On 22 May 2024, the matter will be postponed to a date to be confirmed by the prosecutor.

SECTION F

The following supplementary information does not form part of the consolidated annual financial statements and is unaudited:

AUDIT AND RISK COMMITTEE **REPORT**

We are pleased to present our report for the financial year ended 31 March 2024.

The audit and risk committee is an independent statutory committee appointed by the shareholder. Further duties are delegated to the audit and risk committee by the directors of the group. This report includes both these sets of duties and responsibilities.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

Despite its appointment only after the financial year-end, the committee presents this report for the financial year ended 31 March 2024 as required by the PFMA and the Companies Act (section 94(7)(f)) and in accordance with the King Code of Corporate Governance for South Africa. The role of the audit and risk committee, defined in its mandate, includes all its statutory duties and the assistance to the Alexkor Board with the oversight of financial and non-financial reporting and disclosure, internal control system, risk management, internal and external audit functions and combined assurance, including information technology governance.

Information on the membership requirements and the composition of the committee is set out in the audit and risk committee charter. The committee's formal terms of reference were reviewed during the year and the committee operates in line with this revised charter.

The committee considers and makes recommendations to the Board on the quarterly management results and all other finance-related matters. It remains in communication with executive management of the company to assist with governance and oversight as and when required.

The company regrettably operated without a chief financial officer during the full financial year ended 31 March 2024, which created significant difficulties for the committee in achieving all its specified objectives, particularly those related to the evaluation of company risk. This will be a committee priority in the ensuing financial year.

As a result of the resignation of Alexkor's financial manager shortly after the financial year end, the company was obliged to engage the services of a professional external audit and accounting company to assist with the preparation and audit of the financial statements for the review year. This enabled the company to submit for the first time in many years an integrated report to the accounting authority and shareholder during the calendar year in which the financial year ended.

The members of the audit and risk committee are all independent non-executive directors of the group and are:

NAME	APPOINTMENT
Quentin Green (Chairperson)	26 March 2024
Dineo Peta	31 January 2022
Prof Francis Petersen	26 March 2024

The committee is satisfied that its members have the required knowledge and experience set out in section 94(5) of the Companies Act 71 of 2008 of South Africa and Regulation 42 of the Companies Regulations 2011.

The audit and risk committee, appointed by the accounting authority in terms of section 51(1)(a)(ii) and 76(4)(d) of the PFMA and Treasury Regulations 27.1.3 and 27.1.4, is independent and consists of three independent, non-executive directors. The Chairperson of the Board is a member of the audit and risk committee due to her financial literacy and pending appointment of additional members to the Board with appropriate expertise. The committee should meet at least four times year as per its terms of reference.

It met three times during the year.

Meeting dates: 18 January 2024, 20 April 2024 and 24 July 2024
In attendance: Dr Patricia Hanekom and Dineo Peta.

STATUTORY DUTIES

The audit and risk committee's role and responsibilities include statutory duties per the Companies Act 2008 and Public Finance Management Act 1999, and further responsibilities assigned to it by the directors. The audit and risk committee executed its duties informed by the King IV guidelines as far as possible.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The audit and risk committee is satisfied that the external auditor, the Auditor-General of South Africa, is independent of the company, as set out in section 94(8) of the Companies Act 71 of 2008 of South Africa.

The committee ensured that the appointment of the auditor complied with the Companies Act 71 of 2008 of South Africa and any other legislation relating to the appointment of auditors. The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2024 year.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The audit and risk committee has reviewed the accounting policies and the consolidated and separate annual financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

An audit and risk committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the company.

INTERNAL FINANCIAL CONTROLS

The audit and risk committee did not oversee a process where the effectiveness of the company's system of internal control and risk management, including internal financial controls, was assessed. This is because there was no internal audit performed as internal auditors were not appointed during the 2024 financial year. Consequently, the Board, the audit and risk committee and executive management exercised additional diligence in their decision-making and reviews of reports.

WHISTLEBLOWING

The audit and risk committee receives and deals with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's consolidated and separate annual financial statements, the internal financial controls of the company and related matters.

DUTIES ASSIGNED BY THE BOARD

In addition to the statutory duties of the audit and risk committee, as reported above and in accordance with the provisions of the Companies Act 71 of 2008 of South Africa, the directors have determined further functions for the audit and risk to perform, as set out in the audit and risk committee's terms of reference. These functions include the following:

INTEGRATED REPORTING AND COMBINED ASSURANCE

The committee fulfils an oversight role regarding the company's integrated report and the reporting process.

The committee is satisfied that the company has optimised the assurance coverage obtained from management and external assurance providers in accordance with an appropriate combined assurance model.

The committee considered the company's operating environment information as disclosed in the integrated report and assessed its consistency with operational and other information known to audit and risk committee members, and for consistency with the consolidated and separate annual financial statements. The committee is satisfied that the operating environment information is reliable and consistent with the financial results.

GOING CONCERN

The audit and risk committee has on an ongoing basis reviewed information, including key assumptions prepared by management of the going-concern status of the company. The directors' statement on the going-concern status of the company, supported by the audit and risk committee, is outlined in note 9 of the directors' report and note 27 of the financial statements.

GOVERNANCE OF RISK

The directors have assigned oversight of the company's risk management function to the audit and risk committee. The chairperson of the committee ensures that information relevant to the committee is transferred regularly to the Board. The audit and risk committee fulfils and overseas financial reporting risks, internal financial controls, fraud risk and information technology risk in financial reporting.

INTERNAL AUDIT

There was no internal audit function during the year due to budget contraints. For this reason, extra care and diligence was applied by executive management, the audit and risk committee and the Board in reviewing all quarterly reports.

The committee endeavours to comply fully with its legal, regulatory or other responsibilities, notwithstanding severe capacity constraints.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND FINANCE FUNCTION

There was no Chief Financial Officer for the year under review, thus this evaluation was not conducted.

The committee considered the appropriateness of the expertise and adequacy of resources of the finance function and experience of senior management responsible responsible for the finance function and is of the view that there are severe capacity constraints. Interventions to address this were discussed with the shareholder during the reporting period.

While the company has not yet attained the level of governance and compliance desired by the audit and risk committee, considerable progress has been made, and will continue to be made, towards regaining an unqualified audit opinion after several years of unsatisfactory compliance.

On behalf of the audit and risk committee

Quentin Green
Chairperson of the audit and risk committee
26 March 2025

REPORT OF THE AUDITOR-GENERAL
TO PARLIAMENT ON ALEXKOR SOC LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION

1. I was engaged to audit the consolidated and separate financial statements of Alexkor SOC Limited and its subsidiaries (the group) set out on pages 66 to 116, which comprise the consolidated and separate statement of financial position as at 31 March 2024, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. I do not express an opinion on the financial statements of the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

BASIS FOR DISCLAIMER OF OPINION

PROPERTY, PLANT AND EQUIPMENT

3. The group did not recognise property, plant and equipment in accordance with International Accounting Standard (IAS) 16, Property, plant and equipment as certain assets could not be located during the asset verification process, resulting in property, plant and equipment disclosed in note 2 to the financial statements being overstated by R26 718 854 (2023: R21 583 491) in the consolidated and separate financial statements.
4. The group did not adequately assess at the end of the reporting period whether there were any indications that assets may be impaired despite the existence of such indicators. The group did not estimate the recoverable amount of those assets in accordance with IAS 36, Impairment of assets. I was unable to determine the impact on net carrying amount of property, plant and equipment as it was impracticable to do so.
5. The group did not recognise dismantling cost and restoration costs in accordance with IAS 16, Property, plant and equipment as these costs were not capitalised upon inception to property, plant and equipment nor subsequently depreciated. I was not able to determine the full extent of the understatement to property, plant and equipment stated at R40 395 448 (2023: R48 070 189) in note 2 of the consolidated and separate financial statements as it was impracticable to do so.
6. During 2023, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment and was also unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment stated at R48 070 189 of the consolidated and separate financial statements were necessary.
7. My audit opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the property, plant and equipment for the current period.

INVESTMENT PROPERTY

8. The group did not recognise Investment property in accordance with IAS 40, Investment property as certain assets could not be located during the asset verification process, resulting in Investment property disclosed in note 3 to the financial statements being overstated by R42 389 725 in the consolidated and separate financial statements.
9. Furthermore, I was unable to obtain sufficient appropriate audit evidence for investment property disclosed in note 3 to the financial statements due to the status of accounting records. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to Investment property, stated at R247 571 945 (2023: R168 019 882) in note 3 of the consolidated and separate financial statements.

LOAN TO GROUP COMPANY

10. The group did not assess at the end of the financial year whether the loan to group company was measured accurately in accordance with IFRS 9, Financial Instruments due to errors in the fair value calculation. Furthermore, the group did not split the disclosure to current and non-current portion, in accordance with IAS 1, Presentation of financial statements. I was unable to determine the value of the misstatement on loan to group company stated at R52 015 518 (2023: R74 449 738) in note 5 of the consolidated and separate financial statements, as it was impracticable to do so. Additionally, there was a consequential impact on the investment income and on accumulated surplus.

TRADE AND OTHER RECEIVABLES

11. I was unable to obtain sufficient appropriate audit evidence for trade and other receivables recorded including the credit loss allowance for the current year due to the status of accounting records. I was unable to confirm trade and other receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade and other receivables at R75 334 929 (2023: R77 486 556) in note 7 and expected credit loss stated at R15 493 065 (2023: R0) in note 36 of the consolidated and separate financial statements, respectively.

INTANGIBLE ASSETS

12. The group did not recognise Intangible assets in accordance with IAS 38, Intangible assets as mining rights were not disclosed in the annual financial statements and the fixed asset register. I was unable to determine the full extent of the understatement of intangible assets stated at R893 920 (2023: R1 050 613) in note 4 of the consolidated and separate financial statements as it was impracticable to do so.

TRADE AND OTHER PAYABLES

13. I was unable to obtain sufficient appropriate audit evidence for trade payables and other payables included in the current liabilities due to a lack of proper recordkeeping and reconciliation of control accounts by the group. I was unable to confirm these trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables stated at R75 789 947 (2023: R78 871 458) and R75 743 946 (2023: R78 825 459) in note 12 of the consolidated and separate financial statements.

ENVIRONMENTAL REHABILITATION LIABILITY

14. I was unable to obtain sufficient appropriate audit evidence for the environmental rehabilitation liability due to a lack of proper recordkeeping. I was unable to confirm the environmental rehabilitation liability by alternative means. Consequently, I was unable to determine whether any further adjustments to the liability stated at R387 030 157 (2023: R204 808 039) in note 11 of the consolidated and separate financial statements were necessary.

PROVISIONS

15. Provisions were not recorded as required by IAS 37, Provisions, contingent liabilities and contingent assets. The asbestos abatement provision was not recorded in the annual financial statements. I was unable to determine the full extent of the understatement of provisions stated at R17 242 552 (2023: R182 664 475) in note 14 of the consolidated and separate financial statements as it was impracticable to do so. There is a consequential impact on the surplus for the period.

REVENUE

16. I was unable to obtain sufficient appropriate audit evidence that revenue from rendering of services (rentals and electricity) for the current year had been properly accounted for, due to the poor state of accounting records. I was unable to confirm revenue from rendering of services transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revenue stated at R9 211 971 in note 15 of the consolidated and separate financial statements.

OTHER EXPENSES

17. During 2023, I was unable to obtain sufficient appropriate audit evidence for other operating expenses and was also unable to confirm the other operating expenses by alternative means. Additionally, expenditure was recorded in an incorrect period. Consequently, I was unable to determine whether any adjustments relating to other operating expenses stated at R92 595 716 of the consolidated and separate financial statements were necessary.
18. My audit opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the other operating expenses for the current period.

COST OF SALES

19. During 2023, I was unable to obtain sufficient appropriate audit evidence for cost of sales and was also unable to confirm the cost of sales by alternative means. Consequently, I was unable to determine whether any adjustments relating to cost of sales stated at R208 513 282 in note 16 of the consolidated and separate financial statements were necessary.
20. My audit opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the cost of sales for the current period.

FINANCE COSTS

21. The group entity did not recognise finance costs in accordance with IAS 1, Presentation of financial statements. Transactions relating to prior periods were recorded in the current period, which resulted in finance costs disclosed in note 19 to the consolidated and separate financial statements being overstated by R7 969 320. There was a consequential impact on the prior-year surplus, accumulated surpluses as well as current-year surplus.

OTHER OPERATING GAINS (LOSSES)

22. I was unable to obtain sufficient appropriate audit evidence for other operating gains (losses) due to a lack of proper recordkeeping. I was unable to confirm the other operating gains (losses) by alternative means. Consequently, I was unable to determine whether any further adjustments to the other operating gains (losses) stated at R162 306 922 in note 35 of the consolidated and separate financial statements were necessary.

OTHER NON-OPERATING GAINS (LOSSES)

23. I was unable to obtain sufficient appropriate audit evidence for other non-operating gains (losses) due to a lack of proper record keeping. I was unable to confirm the other non-operating gains (losses) by alternative means. Consequently, I was unable to determine whether any further adjustments to the other non-operating gains (losses) stated at R79 552 063 in note 37 of the consolidated and separate financial statements were necessary.

TAXATION AND DEFERRED TAXATION

24. I was unable to obtain sufficient appropriate audit evidence for taxation and deferred tax due to a lack of proper recordkeeping. I was unable to confirm the taxation and deferred tax by alternative means. Consequently, I was unable to determine whether any further adjustments were required to taxation and deferred tax. Additionally, there was consequential impact on the surplus for the period, prior-period error and accumulated surplus.

IRREGULAR EXPENDITURE

25. I was unable to obtain sufficient appropriate audit evidence that irregular expenditure for the current year had been properly accounted for, due to the state of accounting records. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R19 158 551 respectively in note 30 of the consolidated and separate financial statements.
26. During the 2022/23 year, the group did not include all the irregular expenditure in note 30 to the financial statements as required by section 55(2)(b)(i) of the PFMA. Irregular expenditure was identified in the current year, but was not recorded in the related note and a register of irregular expenditure was not maintained. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

CONTINGENT LIABILITIES

27. During 2023, the group did not disclose all contingencies as required by IAS 37 Provisions, contingent liabilities and contingent assets. Contingent liabilities identified during the audit and those recorded in the prior period were not fully disclosed. I was unable to determine the full extent of contingent liabilities as disclosed in note 23 of the consolidated and separate financial statements, as it was impracticable to do so.
28. My audit opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the contingent liabilities for the current period.

CASH FLOWS FROM OPERATING ACTIVITIES

29. The group did not correctly prepare and disclose the net cash flows from operating activities as required by ISA 7, Statement of cash flows. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities stated at R244 297 884 (2023: R4 127 272) and R254 687 280 (2023: (R8 018 758) in the consolidated and separate financial statements, as it was impracticable to do so.

CASH FLOWS FROM FINANCING ACTIVITIES

30. The group did not correctly prepare and disclose the net cash flows from financing activities as required by IAS 7, Statement of cash flows. This was due to multiple errors in determining cash flows from financing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities. stated at (R152 487 267) (2023: R[83 601]) and (R162 306 922) (2023: R[83 601]) in the consolidated and separate financial statements were necessary, as it was impracticable to do so.

CASH FLOWS FROM INVESTING ACTIVITIES

31. The group did not correctly prepare and disclose the net cash flows from investing activities as required by IAS 7, Statement of cash flows. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities stated at R12 065 668 (2023: R4 425 836) and (R2 364 707) (2023: R8 222 687) in the consolidated and separate financial statements, as it was impracticable to do so.

PRIOR-PERIOD ERROR

32. The group did not disclose all prior period errors in note 26 of the consolidated and separate financial statements, as required by IAS 8, Accounting policies, changes in accounting estimates and errors. I was not able to determine the full extent of the errors as it was impracticable to do so.
33. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior-period errors disclosed in note 26 to the financial statements. Consequently, I was unable to determine whether any adjustments were necessary to the prior-period errors disclosed in the consolidated and separate financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34. The group did not disclose financial liabilities correctly in accordance with IFRS7, Financial Instruments: Disclosures as the group included non-financial instruments as part of the trade and other payables balance, resulting in financial liabilities disclosed in note 39 of the consolidated and separate financial statements being overstated by R11 306 134 (2023: R9 702 825). Further, the group incorrectly included pretax gains and losses on items that do not qualify as financial liabilities, resulting in the gain and losses on financial liabilities disclosed in note 39 of the consolidated and separate financial statements being overstated by R162 306 922 (2023: R9 778 136).

RELATED PARTIES

35. The group did not disclose all related parties in accordance with IAS 24, Related party disclosures. Loan to group company was not included in the related party disclosure note. Consequently, related parties (related party balances) in note 24 to the consolidated and separate financial statements was understated by R52 015 518 (2023: R74 449 738).

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

36. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
37. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

38. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IASs 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 consolidated and separate financial statements.
39. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 58, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

40. 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 selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
41. I selected the following objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected objectives that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

OBJECTIVES	PAGE NUMBERS	PURPOSE
Financial sustainability	40	Revenue generation enhancement
Operational excellence	40	Productivity and efficiency

42. The material findings on reliability of the performance information of the selected objectives are as follows:

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION MARGIN

43. An achievement of 5% was reported against a target of 6% earnings before interest, taxes, depreciation and amortisation margin for the PSJV. However, the audit evidence showed the actual achievement to be only 4.87%. Consequently, the target was not achieved.

OTHER MATTER

44. I draw attention to the matter below. My opinion is not modified in respect of this matter.

ACHIEVEMENT OF PLANNED TARGETS

45. Refer to the performance objectives related to Alexkor, and the performance objective related to the PSJV sections of the directors' report on pages 64 and 65 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information related to the Alexkor SOC and PSJV on pages 40 and 41.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

46. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
47. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

48. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and section 55(1)(b) of the PFMA.

    Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.
49. The financial statements were not submitted for auditing within two months of the end of the financial year as required by section 55(1)(c)(i) of the PFMA.

STRATEGIC PLANNING

50. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 29.3.1.
51. The corporate plan submitted to the director-general of Department of Public Enterprises designated by the executive authority did not include the affairs of the Alexkor Trust subsidiary as required by section 52(b) of the PFMA.
52. The corporate plan did not cover a period of three years as required by section 52(b) of the PFMA and treasury regulation 29.1.1.
53. The corporate plan did not include the strategic objectives and outcomes identified and agreed on by the executive authority in the shareholder's compact as required by treasury regulation 29.1.1(a)

PROCUREMENT AND CONTRACT MANAGEMENT

54. I was unable to obtain sufficient appropriate audit evidence that goods, works and services were procured through a procurement process that is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA.

OVERSIGHT AND GOVERNANCE

55. Approved audited financial statements were not filed with the annual return, as required by section 33(1)(a) of the Companies Act and 30(2) of the Companies Regulations.

REVENUE MANAGEMENT

56. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

EXPENDITURE MANAGEMENT

57. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the disclaimer of opinion, the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with the PFMA.
58. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to (R546 403), as disclosed in note 42 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

CONSEQUENCE MANAGEMENT

59. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
60. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

INTERNAL CONTROL DEFICIENCIES

61. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation. However, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
62. Management did not exercise oversight responsibility over the preparation of the annual financial statements, performance reporting, compliance with laws and regulations and internal control.
63. Management did not implement proper recordkeeping in a timely manner to ensure that complete, relevant, and accurate information was accessible and available to support financial and performance reporting.
64. Management did not implement controls over daily and monthly processing and reconciling of transactions. Management did also not prepare regular, accurate and complete financial and performance reports supported and evidenced by reliable information.
65. The accounting authority did not adequately review and monitor controls over compliance with laws and regulations, resulting in non-compliance with various laws and regulations.
66. Management did not design and implement formal controls to address the systems of collecting, verifying and storing the information as well as to plan, manage and report on the financial information of the controlled entities. This is evidenced by the lack of records at Alexkor RMC joint venture, which is an unincorporated entity.
67. There was no internal audit function during the reporting period reportedly due to capacity constraints. This function's absence exacerbated the numerous material misstatements in the consolidated and separate financial statements.
68. Due to information that could not be retrieved, the limitations from previous years still had an impact on the current-year records. This is informed by the loss of historic knowledge and limited capacity, as well as time to resuscitate the records.
69. It was noted that the internal capacity of the group was limited and required urgent intervention for remedial measures necessary, according to this opinion and to enhance the execution of the group's mandate.

OTHER REPORTS

70. I draw attention to the following engagements conducted by various parties that had, or could have had, an impact on the matters reported in the type of auditee's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
71. The Special Investigating Unit is currently investigating irregularities that took place in previous years in line with the Zondo Commission's recommendations. At the time of this report, the investigation was still ongoing.

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Pretoria

31 March 2025

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 JUDGMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 public 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 consolidated and separate 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 public entity and its subsidiaries 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate 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 a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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 it 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.

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(3) Section 50(3)(a) Section 50(3)(b) Section 51(1)(a)(ii) Section 51(1)(a)(iii) Section 51(1)(a)(iv) Section 51(1)(b) Section 51(1)(b)(i) Section 51(1)(b)(ii) Section 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c') Section 54(2)(d) Section 55(1)(a) Section 55(1)(b) Section 55(1)(c)(i) Section 56 Section 57(b) Section 57(d) Section 66(3)(a)
National Treasury Regulations 2001	Regulation 29.1.1 Regulation 29.1.1(a) Regulation 29.1.1(c) Regulation 29.2.1 Regulation 29.2.2 Regulation 29.3.1 Regulation 31.2.5 Regulation 31.2.7(a) Regulation 33.1.1 Regulation 33.1.3
Companies Act 71 of 2008	Section 30(3)(b)(i) Section 33(1)(a) Sections 45(2) Section 45(3)(a)(ii) Section 45(3)(b)(i) Section 45(3)(b)(ii) Section 45(4) Section 46(1)(a) Section 46(1)(b) Section 46(1)(c') Section 72(4)(a) Section 75(6) Section 86(1) Section 86(4) Section 88(2)(d) Section112(2)(a) Section 129(7)

LEGISLATION	SECTIONS OR REGULATIONS
Prevention and Combatting of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Regulations	Regulation 30(2); Regulations 43(2)(a)
Construction Industry Development Board Act No 38 of 2000 (cidb)	Section 18(1) Section 22(3)

cidb Regulations	cidb Regulation 17;
	cidb Regulation 18(1A)1;
	cidb Regulation 25(1);
	cidb Regulation 25 (5) and
	cidb Regulation 25(7A)

Preferential Procurement Policy Framework Act 5 of 2000	Section 1 Section 2(1)(a) Section 2(1)(b) Section .2(1)(f)
Preferential Procurement Regulations, 2017	Paragraph 4(1) Paragraph 4(2) Paragraph 5(1) Paragraph 5(3) Paragraph 5(6) Paragraph 5(7) Paragraph 6(8) Paragraph 7(8) Paragraph 8(2) Paragraph 8(5) Paragraph 9(1) Regulation 9(2) Paragraph 10(1) Paragraph 10(2) Paragraph 11(1) Paragraph 12(1) Paragraph 12(2)
Preferential Procurement Regulations, 2022	Paragraph 3(1) Paragraph 4(1) Paragraph 4(2) Paragraph 4(3) Paragraph 4(4) Paragraph 5(1) Paragraph 5(2) Paragraph 5(3) Paragraph 5(4)

LEGISLATION	SECTIONS OR REGULATIONS
National Treasury Supply Chain Management (NT SCM) Instruction Note 03 2021/22	Paragraph 4(3) Paragraph 4(4) Paragraph 4(4)(c) Paragraph 4(4)(d) Paragraph 4(6) Paragraph 5(4)
NT SCM Instruction Note 4A of 2016/17	Paragraph 5
Second amendment of National Treasury Instruction Note 05 of 2020/21	Paragraph 4(8) Paragraph 4(9) Paragraph 5(1) Paragraph 5(3)
NT SCM Instruction Note 11 2020/21	Paragraph 3(1) Paragraph 3.4(b) Paragraph 3.9
NT Instruction Note 4 of 2015/16	Paragraph 3(4)
Erratum NT Instruction Note 5 of 202/21	Paragraph 1 Paragraph 2
NT Instruction Note 5 of 2020/21	Paragraph 5.1 Paragraph 5.3

DIRECTORS' RESPONSIBILITIES AND **APPROVAL**

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

The consolidated annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

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

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 52 to 61.

The consolidated annual financial statements set out from page 66, which have been prepared on the going-concern basis, were approved by the Board on 29 August 2024 and were signed on its behalf by:

Dr Patricia Hanekom
Chairperson

COMPANY SECRETARY'S **CERTIFICATION**

I certify, in accordance with section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, that for the year ended 31 March 2024, the company has lodged with the Commissioner of Companies all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.

Messina Inc, represented by Lopang Peacock
Company Secretary
26 March 2025

DIRECTORS' **REPORT**

The directors have pleasure in submitting their report on the consolidated annual financial statements of Alexkor SOC Limited and the group for the year ended 31 March 2024.

NATURE OF BUSINESS

The group Alexkor was established in terms of the Alexkor Limited Act, No 116 of 1992 and amended by the Alexkor Amendment Act, No 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises, being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMC joint venture) and the Alexkor SOC Limited corporate unit. There were no major changes herein during the year.

AUTHORISED AND ISSUED SHARE CAPITAL

The directors have no authority to issue shares in the group or Alexkor SOC Limited. No changes were approved or made to the authorised or issued share capital of the company during the year under review.

DIVIDENDS

The Board do not recommend the declaration of a dividend for the year.

DIRECTORATE

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

DIRECTORS	OFFICE		CHANGES
Dr Patricia Hanekom (*Chairperson*)	Chairperson	South African	
Prof Trevor Fowler (*interim CEO*)	Chief Executive Officer	South African	
Prof Francis Petersen		South African	
Karabo Mbele		South African	
Dineo Peta		South African	
Hilary Swartbooi		South African	
Quentin Green		South African	
Prof Mavis Hermanus		South African	Resigned 29 September 2023
Alan Roberts		South African	Deceased 28 January 2024

DIRECTORS' INTERESTS IN CONTRACTS

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

INTEREST IN JOINT VENTURES

Alexkor SOC Limited is in a joint venture arrangement with the Richtersveld Mining Company (RMC) where the mining operations are undertaken in terms of the deed of settlement following the community's land claim. Alexkor holds 51% interest in the Pooled and Sharing Joint Venture (PSJV) whereas the RMC holds 49% interest in the PSJV. The PSJV is accounted for as a joint operation consistent with the prior year, in accordance with the set accounting policies and standards.

BORROWING POWERS

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

EVENTS AFTER THE REPORTING PERIOD

OWNERSHIP STRUCTURE

On 26 August 2024, President Cyril Ramaphosa assigned a shareholder responsibility for each of the state-owned enterprises that previously fell under the Department of Public Enterprises to its line-function ministry.

He signed proclamations that, in terms of section 97 of the Constitution of the Republic of South Africa of 1996, transferring the administration, powers and functions entrusted by the specified legislation as follows:

- Alexkor SOC Limited: Minister of Department of Mineral and Petroleum Resources.

GENERAL MINE MANAGER

On 1 August 2024, the Board was informed of the resignation of mine manager Deon Bowers, from 30 August 2024. It is currently putting a plan in place to fill the position.

APPOINTMENT OF BOARD OF DIRECTORS

On 27 March 2025, the Minister of Department of Mineral and Petroleum Resources appointed a new Board with immediate effect. The following are appointed for three years:

- Dineo Peta (Chairperson)
- Hilary Swartbooi
- Adj Prof Trevor Fowler
- Shinduvi Zitha
- Bongi Ngxishe
- Dr Jonty Tshipa
- Dr Nico Patrick Swartz
- Freddy Raseote

GOING CONCERN

The consolidated annual 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 have satisfied themselves that the company and group are in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

LIQUIDITY AND SOLVENCY

The directors have performed the required liquidity and solvency tests required by section 4 of the Companies Act 71 of 2008 of South Africa.

AUDITORS

The Auditor-General of South Africa continued in office as auditor for the group and its subsidiaries for 2024.

SECRETARY

The Company Secretary is Messina Inc, represented by Lopang Peacock.

Business address: 269 Oxford Road
Illovo
Johannesburg
2196

SHAREHOLDER'S COMPACT

A shareholder's compact was signed between the Board and the executive authority for the period under review. Performance objectives are captured within the shareholder's compact and outcomes are reported quarterly.

The shareholder's compact key performance indicators, which are revised annually by agreement between the Board of directors and the shareholder representative, serve as the performance monitoring framework for the company. Performance against the shareholder's compact of 2024 financial year targets is outlined in the integrated report.

The consolidated annual financial statements set out on pages 66 to 115. The detailed income statement set out on page 116 to 117 do not form part of the financial statements and is disclosed for information purposes.

Dr Patricia Hanekom
Chairperson
26 March 2025

STATEMENT OF FINANCIAL POSITION

at 31 March 2024

		GROUP		COMPANY	
Figures in Rand	Notes	2024	2023 Restated*	2024	2023 Restated*
Assets					
Non-current assets					
Property, plant and equipment	2	40 395 448	48 070 189	40 395 448	48 070 189
Investment property	3	247 571 945	168 019 882	247 571 945	168 019 882
Intangible assets	4	893 920	1 050 613	893 920	1 050 613
Investments in subsidiaries		-	-	245 729 871	225 559 676
Loans to group companies	5	52 015 518	74 449 738	52 015 518	74 449 738
		340 876 831	**291 590 422**	**586 606 702**	**517 150 098**
Current assets					
Inventories	6	30 069 433	250 162 654	30 069 433	250 162 654
Trade and other receivables	7	75 334 929	77 486 556	75 334 929	77 486 556
Investments at fair-value	8	75 658 602	68 873 578	12 141 025	11 095 821
Prepayments		1 028 109	622 625	1 028 109	622 625
Cash and cash equivalents	9	423 191 173	318 277 182	241 548 621	150 495 264
		605 282 246	715 422 595	360 122 117	489 862 920
Total assets		**946 159 077**	**1 007 013 017**	**946 728 819**	**1 007 013 018**
Equity and liabilities					
Equity					
Share capital	10	400 000 000	400 000 000	400 000 000	400 000 000
Retained income		61 758 310	137 368 640	62 374 053	137 414 640
		461 758 310	**537 368 640**	**462 374 053**	**537 414 640**
Liabilities					
Non-current liabilities					
Lease liabilities		83 601	83 601	83 601	83 601
Environmental rehabilitation liability	11	387 030 157	204 808 039	387 030 157	204 808 039
		387 113 758	**204 891 640**	**387 113 758**	**204 891 640**
Current liabilities					
Trade and other payables	12	75 789 947	78 871 458	75 743 946	78 825 459
Loans from group companies	13	2 750 056	2 750 056	2 750 056	2 750 056
Provisions	14	17 242 552	182 664 475	17 242 552	182 664 475
Bank overdraft	9	1 504 454	466 748	1 504 454	466 748
		97 287 009	**264 752 737**	**97 241 008**	**264 706 738**
Total Liabilities		**484 400 767**	**469 644 377**	**484 354 766**	**469 598 378**
Total equity and liabilities		**946 159 077**	**1 007 013 017**	**946 728 819**	**1 007 013 018**

* See note 26

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

		GROUP		COMPANY	
Figures in Rand	Notes	2024	2023 Restated*	2024	2023 Restated*
Revenue	15	562 325 189	368 723 803	562 325 189	368 723 803
Cost of sales	16	(446 994 259)	(208 513 282)	(446 994 259)	(208 513 282)
Gross profit		**115 330 930**	**160 210 521**	**115 330 930**	**160 210 521**
Other operating income	17	5 773 588	3 971 333	5 773 588	3 971 333
Other operating gains (losses)	35	(162 306 922)	9 778 136	(162 306 922)	9 778 136
Movement in credit loss allowances	36	(15 493 065)	-	(15 493 065)	-
Other operating expenses		(128 225 334)	(92 595 716)	(128 225 334)	(92 595 716)
Operating (loss) profit	36	**(184 920 803)**	**81 364 274**	**(184 920 803)**	**81 364 274**
Investment income	18	47 486 916	19 912 983	27 886 463	7 766 950
Finance costs	19	(8 143 574)	(476 156)	(8 143 574)	(476 156)
Other non operating gains (losses)	37	79 552 063	-	79 552 063	-
Total comprehensive (loss) income for the year		**(66 025 398)**	**100 801 101**	**(85 625 851)**	**88 655 068**

* See note 26

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Note(s)	ISSUED CAPITAL	RETAINED INCOME	TOTAL EQUITY
GROUP	10			
RESTATED* BALANCE AT 01 APRIL 2022		**400 000 000**	**36 567 539**	**436 567 539**
Total comprehensive income for the year		**-**	**100 801 101**	**100 801 101**
Opening balance as previously reported		400 000 000	137 368 637	537 368 637
Adjustments				
Prior-year adjustments		-	(9 584 929)	(9 584 929)
Balance at 01 April 2023 as restated		**400 000 000**	**127 783 708**	**527 783 708**
Total comprehensive loss for the year		**-**	**(66 025 398)**	**(66 025 398)**
Balance at 31 March 2024		**400 000 000**	**61 758 310**	**461 758 310**
COMPANY	10			
RESTATED* BALANCE AT 01 APRIL 2022		**400 000 000**	**48 759 572**	**448 759 572**
Total comprehensive income for the year		**-**	**88 655 068**	**88 655 068**
Opening balance as previously reported		400 000 000	137 414 637	537 414 637
Adjustments				
Prior-year adjustments		-	10 585 267	10 585 267
Balance at 01 April 2023 as restated		**400 000 000**	**147 999 904**	**547 999 904**
Total comprehensive loss for the year		**-**	**(85 625 851)**	**(85 625 851)**
Balance at 31 March 2024		**400 000 000**	**62 374 053**	**462 374 053**

STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

Figures in Rand	Notes	GROUP 2024	GROUP 2023 Restated*	COMPANY 2024	COMPANY 2023 Restated*
Cash flows from operating activities					
Cash receipts from customers		577 875 331	806 157 911	577 875 331	806 157 910
Cash paid to suppliers and employees		(363 101 134)	(821 910 351)	(353 516 204)	(821 910 347)
Cash (used in)/generated from operations	22	214 774 197	(15 752 440)	224 359 127	(15 752 437)
Interest income	18	37 667 261	19 912 983	38 471 727	7 766 950
Finance costs	19	(8 143 574)	(33 271)	(8 143 574)	(33 271)
Net cash from operating activities		**244 297 884**	**4 127 272**	**254 687 280**	**(8 018 758)**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(3 540 526)	(1 400 758)	(3 540 526)	(1 390 860)
Proceeds from sale of property, plant and equipment	2	1 263 896	168 558	1 263 896	168 558
Cash additions to right-of-use assets		(185 648)	-	(185 648)	-
Purchases of other financial assets		-	5 869 413	-	9 656 366
Purchases of intangible assets	4	(1 213 837)	(211 377)	(1 213 837)	(211 377)
Proceeds from sale of intangible assets	4	92 587	-	92 587	-
Purchases of investments in subsidiaries, associates or joint arrangements		-	-	(20 170 195)	-
Cash receipts on repayments of loans to group companies	5	22 434 220	-	22 434 220	-
Purchases of investments at fair-value	8	(6 785 024)	-	(1 045 204)	-
Net cash from investing activities		**12 065 668**	**4 425 836**	**(2 364 707)**	**8 222 687**
Cash flows from financing activities					
Repayments of loans from group companies	13	9 819 655	-	-	-
Movement in financial liabilities at fair-value		(162 306 922)	-	(162 306 922)	-
Cash repayments on lease liabilities		-	(83 601)	-	(83 601)
Net cash from financing activities		**(152 487 267)**	**(83 601)**	**(162 306 922)**	**(83 601)**
Total cash movement for the year		**103 876 285**	**8 469 507**	**90 015 651**	**120 328**
Cash and cash equivalents at the beginning of the year		317 810 434	308 323 343	150 028 516	148 890 604
Cash and cash equivalents at the end of the year	9	**421 686 719**	**316 792 850**	**240 044 167**	**149 010 932**

* See note 26

ACCOUNTING **POLICIES**

1. GENERAL INFORMATION

Alexkor SOC Limited Consolidated (the company) and its subsidiaries (together, the group) Alexkor was established in terms of the Alexkor Limited Act, No 116 of 1992 and amended by the Alexkor Amendment Act, No 29 of 2001. Alexkor SOC Limited is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises, being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMC joint venture) and the Alexkor SOC Limited corporate unit.

The company is incorporated as a public company and domiciled in South Africa. The address of its registered office is 1 Orange Road, Alexander Bay, Northern Cape 8290.

1.1 BASIS OF PREPARATION

The consolidated and separate consolidated annual financial statements have been prepared on the going-concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and Companies Act 71 of 2008 of South Africa. The consolidated and separate annual financial statements have been prepared under the historical cost convention.

The preparation of consolidated and separate consolidated annual financial statements in conformity with with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements, are disclosed in note 3.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These accounting policies are consistent with the previous period.

1.2 CONSOLIDATION

BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all subsidiaries. Subsidiaries are entities controlled by the group.

The results of subsidiaries are included in the consolidated annual financial statements from the date of obtaining control until the date that control is lost.

The accounting policies of all subsidiaries are the same as those of the parent.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

INCOME TAXES

The group is subject to income taxes in South Africa. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

JOINT ARRANGEMENTS

Alexkor holds 51% of the voting rights of its joint arrangement. The group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The group's joint arrangement is structured as an unincorporated company and provides the group and the parties to the agreements with rights to the assets, liabilities, revenue and expenses of the unincorporated entity under the arrangements. Therefore, this arrangement is classified as a joint operation of the group.

1.4 INVESTMENT PROPERTY

DEFINITION

Investment property is property (land or a building – or part of a building – or both) held by the entity to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

RECOGNITION

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

Subsequent to initial measurement, investment property is measured at fair-value, with changes in fair-value recognised in profit or loss in the period in which it arises.

Gains or losses arising from a change in fair-value, as well as gains or losses on disposal of investment property, are included in profit or loss for the period in which they arise.

1.5 PROPERTY, PLANT AND EQUIPMENT

DEFINITION

Property, plant and equipment are 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.

RECOGNITION

Property, plant and equipment is recognised as an asset when:

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

INITIAL MEASUREMENT

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

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

ITEM	DEPRECIATION METHOD	USEFUL LIFE
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	10 years

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.

There were no indicators of impairment for property, plant and equipment and no impairment tests were performed.

ACCOUNTING POLICIES (CONTINUED)

1.6 INTANGIBLE ASSETS

DEFINITION

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable or arises from contractual or other legal rights.

RECOGNITION

An intangible asset is recognised when:

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

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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 years
Exploration	Straight line	5 years

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.

1.7 INVESTMENTS IN JOINT VENTURES

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

1.8 FINANCIAL INSTRUMENTS

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

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity;
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

LOANS TO/(FROM) GROUP COMPANIES

These can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair-value plus direct transaction costs.

The loan to group company is classified as a financial asset at amortised cost and is initially measured at fair-value including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from group company is classified as a financial liability at amortised cost and is initially measured at fair-value including transaction costs and subsequently measured at amortised cost using the effective interest method.

LOANS RECEIVABLE AT AMORTISED COST

Management has assessed and classified loans to group companies, loans to shareholders, loans to directors, managers and employees, and loans receivable as financial assets at amortised cost.

The amortised cost, calculated using the effective interest method, is the amount recognised initially, minus principal repayments, plus cumulative amortisation of interest, adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan in the application of the effective interest method. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Refer to the loss allowances and write-offs accounting policy for impairment of loans receivable.

TRADE AND OTHER RECEIVABLES

Trade receivables are measured at initial recognition at fair-value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write-offs accounting policy.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair-value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair-value and subsequently carried at amortised cost.

1.9 TAX

CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. The amount already paid for current and prior periods, which exceeds the amount due for those periods, is recognised as an asset.

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period 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 taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

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.

ACCOUNTING POLICIES (CONTINUED)

TAX EXPENSES

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

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event that is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity;
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair-value through profit or loss.

Current tax and deferred tax are recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relate to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

1.10 LEASES

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

GROUP AS LESSEE

IDENTIFICATION OF A LEASE

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non-lease components. The consideration is then allocated to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand alone price of the non lease components. The relative standalone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable standalone price is not readily available, an estimate of the standalone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

RECOGNITION

At inception, a right-of-use asset and a lease liability are recognised. Right of use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

MEASUREMENT

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

1.11 INVENTORIES

RECOGNITION

Inventories are recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

MEASUREMENT

Inventories are measured at the lower of cost and net realisable value using either the first in first out or weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use.

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.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

RECOGNITION AS AN EXPENSE

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, and the inventory is derecognised. 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.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense as indicated above.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end. Movements in this provision are included in the expense recognised as indicated above.

1.12 IMPAIRMENT OF ASSETS

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.

Impairment losses are recognised immediately in profit or loss.

1.13 SHARE CAPITAL AND EQUITY

Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

1.14 SHARE-BASED PAYMENTS

The employee service expense and the corresponding increase in equity are measured by reference to the fair-value of the equity instruments granted.

1.15 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Compensation paid to employees for the rendering of services is recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

DEFINED-CONTRIBUTION PLANS

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund;
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

1.16 PROVISIONS AND CONTINGENCIES

There is always a degree of estimation uncertainty involved with provisions, as they are measured at management's best estimate of the amount that will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

1.17 GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the group. They exclude those forms of government assistance that cannot reasonably have a value placed upon them and transactions with government that cannot be distinguished from the normal trading transactions of the group.

Government grants, including non-monetary grants at fair-value, are not recognised until there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

Non-monetary grants are measured at fair-value of the non-monetary asset and both the grant and asset are recognised at that fair-value. An alternative course that is sometimes followed is to record both asset and grant at a nominal amount.

Government grants related to assets, including non-monetary grants at fair-value, are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as part of profit or loss, either separately or under a general heading such as ‘other income’. Alternatively, they are deducted in reporting the related expense.

Repayment of a grant related to income is applied first against any unamortised deferred credit recognised for the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is recognised immediately in profit or loss.

Repayment of a grant related to an asset is recognised by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Where a loan is received from government at below market interest rate, the difference between the fair-value of the loan and the amount received is recognised as a government grant.

1.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is income arising in the course of a group’s ordinary activities. The group is in the business of mining and selling diamonds. Other revenues are earned through rental income.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;

- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:
- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

MEASUREMENT

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation, but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts or both.

The group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The group recognises as an asset the incremental costs of obtaining a contract with a customer if the group expects to recover those costs.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, plant and equipment or IAS 38 Intangible assets), the group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:
- the costs relate directly to a contract or to an anticipated contract that the group can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the group's performance and the customer's payment. The group presents any unconditional rights to consideration separately as a receivable.

SALE OF DIAMONDS

Revenue from sale of diamonds is recognised at the point in time when control of the diamond is transferred to the customer, generally on delivery of the diamonds. The normal credit term is seven days before delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, customer loyalty points). In determining the transaction price for the sale of diamonds, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

CONSIDERATION PAYABLE TO A CUSTOMER

Consideration payable to a customer includes cash amounts that the group pays, or expects to pay, to the customer. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the group.

1.19 BORROWING COSTS

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

1.20 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure is defined as expenditure incurred in contravention of the requirement of any applicable legislation.

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised.

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999, the financial statements must include particulars of any irregular, fruitless and wasteful expenditure.

All irregular, fruitless and wasteful expenditure is disclosed in the period in which it is identified.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

2. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	72 316 770	(59 136 134)	13 180 636	78 406 277	(56 696 591)	21 709 686
Furniture and fixtures	7 605 514	(3 764 467)	3 841 047	7 533 786	(4 482 917)	3 050 869
Motor vehicles	13 060 455	(12 124 870)	935 585	14 759 795	(13 746 783)	1 013 012
Computer equipment	2 647 080	(1 967 135)	679 945	2 881 529	(2 197 202)	684 327
Leasehold improvements	2 167 800	(2 167 800)		2 362 800	(2 196 189)	166 611
Other fixed assets	342 531	-	342 531	29 782	-	29 782
Town infrastructure	21 415 506	-	21 415 506	21 415 506		21 415 506
Minor assets	198	-	198	396		396
Total	**119 555 854**	**(79 160 406)**	**40 395 448**	**127 389 871**	**(79 319 682)**	**48 070 189**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP

GROUP	2024						
	Opening balance	Additions	Disposals	Other changes movements	Depreciation	Impairment loss	Total
Plant and machinery	21 709 686	1 344 944	(932 797)	(134 811)	(2 816 042)	(6 125 155)	13 180 636
Furniture and fixtures	3 050 869	1 588 826	(260 798)	13 137	(428 677)	(32 883)	3 841 047
Motor vehicles	1 013 012	167 405	(12 714)	(20 813)	(232 118)	-	935 585
Computer equipment	684 327	309 366	(57 587)	64 276	(249 322)	(3 469)	679 945
Leasehold improvements	166 611	-	-	(104 355)	(63 705)	-	-
Other fixed assets	29 782	312 749	-	-	-	-	342 531
Town infrastructure	21 415 506	-	-	-	-	-	21 415 506
Minor assets	396	-	-	(198)	-	-	198
Total	**48 070 189**	**3 723 290**	**(1 263 896)**	**(182 764)**	**(3 789 864)**	**(6 161 507)**	**40 395 448**

GROUP	2023				
	Opening balance	Additions	Other changes movements	Depreciation	Total
Plant and machinery	29 110 442	-	(2 373 477)	(5 027 279)	21 709 686
Furniture and fixtures	3 741 944	-	181 962	(873 037)	3 050 869
Motor vehicles	701 321	-	922 763	(611 072)	1 013 012
Computer equipment	713 242	-	309 805	(338 720)	684 327
Leasehold improvements	163 518	-	126 566	(123 473)	166 611
Other fixed assets	313 748	29 782	(313 748)	-	29 782
Town infrastructure	-	21 415 506	-	-	21 415 506
Minor assets	-	396	-	-	396
Total	**34 744 215**	**21 445 684**	**(1 146 129)**	**(6 973 581)**	**48 070 189**

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY

	2024						
COMPANY	Opening balance	Additions	Disposals	Accumulated depreciation adjustment	Depreciation	Impairment loss	Total
Plant and machinery	21 709 686	1 344 944	(932 797)	-	(2 816 042)	(6 125 155)	13 180 636
Furniture and fixtures	3 050 869	1 588 826	(260 798)	(76 290)	(428 677)	(32 883)	3 841 047
Motor vehicles	1 013 012	167 405	(12 714)	-	(232 118)	-	935 585
Computer equipment	684 327	309 366	(57 587)	(3 370)	(249 322)	(3 469)	679 945
Leasehold improvements	166 611	-	-	(102 906)	(63 705)	-	-
Other fixed assets	29 782	312 749	-	-	-	-	342 531
Town infrastructure	21 415 506	-	-	-	-	-	21 415 506
Minor assets	396	-	-	(198)	-	-	198
Total	**48 070 189**	**3 723 290**	**(1 263 896)**	**(182 764)**	**(3 789 864)**	**(6 161 507)**	**40 395 448**

	2023				
COMPANY	Opening balance	Additions	Depreciation	Impairment reversal/ restatement adjustment	Total
Plant and machinery	76 025 981	-	(54 402 608)	86 313	21 709 686
Furniture and fixtures	8 552 566	-	(6 196 143)	694 446	3 050 869
Motor vehicles	14 759 896	-	(13 746 783)	(101)	1 013 012
Computer equipment	3 078 929	-	(2 338 053)	(56 549)	684 327
Leasehold improvements	2 362 800	-	(496 892)	(1 699 297)	166 611
Other fixed assets	-	29 782	-	-	29 782
Town infrastructure	-	21 415 506	-	-	21 415 506
Minor assets	-	396	-	-	396
Total	**104 780 172**	**21 445 684**	**(77 180 479)**	**(975 188)**	**48 070 189**

3. INVESTMENT PROPERTY

GROUP	2024			2023		
	Cost/fair-value	Accumulated depreciation	Carrying value	Cost/fair-value	Accumulated depreciation	Carrying value
Investment property	247 571 945	-	247 571 945	168 019 882	-	168 019 882

COMPANY	2024			2023		
	Cost/fair-value	Accumulated depreciation	Carrying value	Cost/fair-value	Accumulated depreciation	Carrying value
Investment property	247 571 945	-	247 571 945	168 019 882	-	168 019 882

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP

GROUP	2024		
	Opening balance	Fair-value adjustments	Total
Investment property	168 019 882	79 552 063	247 571 945

GROUP	2023	
	Opening balance	Total
Investment property	168 019 882	79 552 063

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY

COMPANY	2024		
	Opening balance	Fair-value adjustments	Total
Investment property	168 019 882	79 552 063	247 571 945

COMPANY	2023	
	Opening balance	Total
Investment property	168 019 882	168 019 882

3. INVESTMENT PROPERTY (CONTINUED)

DETAILS OF PROPERTY

	GROUP		COMPANY	
Figures in Rand	2024	2023	2024	2023
Property 1				
Erf 32 3de and 4de Bosstraat, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage.				
- Purchase price: 01 April 2006	1 000 000	1 000 000	1 000 000	1 000 000
- Valuation	-	(350 000)	-	(350 000)
	1 000 000	**650 000**	**1 000 000**	**650 000**
Property 2				
Erf 66 Soutpansweg, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage.				
- Purchase price: 01 April 2006	500 000	500 000	500 000	500 000
- Valuation	-	(200 000)	-	(200 000)
	500 000	**700 000**	**500 000**	**700 000**
Property 3				
Erf 578 H/V cnr Diamant and Jacaranda streets, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage.				
- Purchase price: 01 April 2006	650 000	650 000	650 000	650 000
- Valuation	-	650 000	-	650 000
	650 000	**1 300 000**	**650 000**	**1 300 000**
Property 4				
Erf 611 Industriele Gebied, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage.				
- Purchase price: 01 April 2006	1 000 000	1 000 000	1 000 000	1 000 000
- Valuation	-	250 000	-	250 000
	1 000 000	**1 250 000**	**1 000 000**	**1 250 000**
Property 5				
Erf 704 Markstraat, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage				
- Purchase price: 01 April 2006	650 000	650 000	650 000	650 000
- Valuation	-	50 000	-	50 000
	650 000	**700 000**	**650 000**	**700 000**

3. INVESTMENT PROPERTY (CONTINUED)

DETAILS OF PROPERTY (CONTINUED)

	GROUP		COMPANY	
Figures in Rand	2024	2023	2024	2023
Property 6				
Erf 713 Markstraat, situated at Port Nolloth, Richtersveld Local Municipality, Namaqualand Road, Northern Cape, for residential usage.				
- Purchase price: 01 April 2006	650 000	650 000	650 000	650 000
- Valuation	-	150 000	-	150 000
	650 000	**800 000**	**650 000**	**800 000**
Property 7				
Buitekant Street, Bitterfontein, Matzikama Local Municipality, Western Cape, residential usage.				
- Purchase price: 31 March 2015	55 000	55 000	55 000	55 000
- Valuation	-	(10 000)	-	(10 000)
	55 000	**45 000**	**500 000**	**45 000**
Property 8				
Erf 50 Bitterfontein, situated in Buitekant Street, Bitterfontein, Matzikama Local Municipality, Western Cape, residential usage.				
- Purchase price: 31 March 2015	70 000	70 000	70 000	70 000
- Valuation	-	(10 000)	-	(10 000)
	70 000	**60 000**	**70 000**	**60 000**
Property 9				
Erf 179 Bitterfontein, situated in Buitekant Street, Bitterfontein, Matzikama Local Municipality, Western Cape, residential usage.				
- Purchase price: 31 March 2015	25 000	25 000	25 000	25 000
- Valuation	-	55 000	-	55 000
	25 000	**80 000**	**25 000**	**80 000**
Property 10				
Land buildings – town residential properties and land				
- Purchase price	243 503 645	162 434 882	243 503 645	162 434 882
- Valuation	(531 620)	-	(531 620)	-
	242 972 025	**162 434 882**	**242 972 025**	**162 434 882**

DETAILS OF VALUATION

The effective date of the revaluations was 08 August 2024. Revaluations were performed by an independent valuer, SDM Asset Management & Consulting (Pty) Ltd, which is not connected to the group and has recent experience in location and category of the investment property being valued. The valuation was based on open-market value for existing use.

A. FAIR-VALUE MEASUREMENT

B. DIFFERENT MARKET APPROACHES

The different market approaches include the sales comparison approach, the income capitalisation approach and the cost approach.

i. Key assumptions used and inputs into the valuation

Market conditions between 2020 and 2024 were somewhat stagnant. The central business and decentralised business nodes of Alexander Bay and neighbouring areas have indicated no new renovations and upgrading, supporting a stagnant market.

Overall, the municipal area is in fairly stable status, except for visible defects caused by poor infrastructure maintenance. Public road infrastructure is poorly maintained and not kept clean. In general, Richtersveld Local Municipality has the potential to be managed and uplifted to a wealthy, successful and profitable property market. There was a strong sense of growth with previously disadvantaged areas, which promised to become a rates and tax contributor to municipal revenue enhancement.

ii. Fair-value hierarchy (which level the fair-value is ranked)

The valuer used the depreciated replacement cost method, which will typically falls under level 3 of the fair-value hierarchy. This classification arises because the method relies on unobservable inputs, such as estimates of replacement costs and assessments of depreciation, which are not directly derived from active market data. Consequently, valuations using the method are considered less reliable due to their subjective nature.

Public participation remains a major concern. Richtersveld takes any initiative for intervention with property owners. The consultant has made effort to reach out to local newspapers and agricultural forums without success, since compensation is required for media exposure. There remains though sufficient time for the municipality to proceed with public notifications.

To date, data collection as per point 8.1.17 above, referring to point (2) physical on-site data capturing by field technicians) for in-house data capturing, all footage has been 100% completed. A substantial number of photos were taken. Photo's of each individual asset, condition, type and usage was physically identified on site.

iii. Changes in fair-value (gains or losses)

No significant changes in fair-value as the market was deemed to be stagnant between 2020 and 2024.

iv. Sensitivities analysis

Stand or land values tend to track industrial rental trends, which implies that poor market-rental growth translates into very weak stand-value growth, and strong market-rental growth results in very strong stand-value growth. Nationally, the nominal value of serviced and level stands increased by 1.9% in the third quarter of 2023 compared to a year earlier, in line with the 1.6% year-on-year growth recorded in the second quarter of 2023. Stand values grew by about 3% in the first nine months of 2023 compared to the same period in 2022, slower than the roughly 5% growth achieved in calendar year 2022.

The slower growth in stand values is in line with the weaker growth. Nationally, the growth in stand values in the third quarter was the strongest the central Witwatersrand and the East Rand. Stand values in Cape Town were up marginally compared to the third quarter of 2022, while they declined in Durban. There is significant disparity between serviced stand values in Durban and Cape Town on the one hand and the central Witwatersrand and the East Rand on the other.

The reason for the high stand values in Cape Town is largely the scarcity of land, while in Durban a key landowner-developer has held back on new supply during the past few years. The cities' stand values run nearly parallel, meaning their deflated market levels have been much the same since about 2009.

Normally, the larger a stand, the cheaper the stand value per square metre, but this is not always the case, most likely due to a shortage or an oversupply in certain size categories.

However, in the case of virgin land with development potential, one would expect a huge difference in the value per hectare depending on extent: larger tracks take longer to sell out once serviced, which dramatically pushes up the risk for the developer, which in turn means the present value per hectare of larger tracks will be lower — holding all other factors constant — because of the time value of money and the higher risk (resulting in a higher discount rate).

Consumer price index (CPI) was also considered in conjunction with time value of money over a one-year period. In saying this, all value-forming factors and attributes were considered when market value was determined, including size of land, location, area, accessibility, shape and usage.

The market continues to slow down due to lower effective demand for property as a result of the weakening economy, the high cost of living and elevated interest rates. Nominal market prices grew by 0.8% in August 2023 compared to August 2022, based on FNB data. This took market-price growth to 2% in the first eight months of 2023, well below the 3.6% growth achieved in calendar year 2022. In real terms, market prices fell by about 4% in the first eight months of 2023, after deducting the consumer inflation (CPI) rate of 6.1%.

To combat inflation, the South African Reserve Bank started hiking short interest rates in November 2021 and by September 2023 had already lifted rates by a cumulative 4.75% points. This resulted in the prime interest rate rising to 11.75% from 7%, well above the roughly pre-pandemic level of 10% in 2019.

The positive is that the interest rates did not rise further during the third quarter. The next interest rate decision is due at the end of November. Interest rate hikes started to affect house prices and activity levels more materially in 2023, as discuss later, and the impact is not over yet as the rate will remain higher for longer.

The reason for the higher interest rate expectations is that inflation is not yet at the central bank targets, despite declining. For example, the South African Reserve Bank believes consumer inflation needs to return to its 4.5% target, the midpoint of its 3% to 6% range, and be sustained at that level before policy can change.

The latest CPI rate was 4.8% for August 2023 but will probably lift again in the months to come due to the impact of higher fuel prices. The positive is that interest rates are generally expected to decline in 2024 and 2025 as inflation moves to acceptable levels. But interest rate forecasts can change quickly, as seen before. Nominal market prices will grow at a slower rate in 2023 and 2024 due to the weak economy, high unemployment and elevated interest rates. Therefore, real market-price growth cannot be expected soon. It is all about affordability.

The property sector experienced another tough quarter reflected by the further decline in the share prices of listed property funds. The prices reflect the numerous challenges faced by the property industry, such as power problems, elevated interest rates, rising operating costs (including rates and taxes) and poor municipal service delivery - the global, especially the South African, economy faces a period of low growth.

4. INTANGIBLE ASSETS

GROUP	2024 Cost	2024 Accumulated amortisation	2024 Carrying value	2023 Cost	2023 Accumulated amortisation	2023 Carrying value
Computer software	2 619 668	(1 725 748)	893 920	3 120 151	(2 069 538)	1 050 613
Exploration	94 698 036	(94 698 036)	-	94 698 036	(94 698 036)	-
Total	**97 317 704**	**(96 423 784)**	**893 920**	**97 818 187**	**(96 767 574)**	**1 050 613**

COMPANY	2024 Cost	2024 Accumulated amortisation	2024 Carrying value	2023 Cost	2023 Accumulated amortisation	2023 Carrying value
Computer software	2 619 668	(1 725 748)	893 920	3 120 151	(2 069 538)	1 050 613
Exploration	94 698 036	(94 698 036)	-	94 698 036	694 446	-
Total	**97 317 704**	**(96 423 784)**	**893 920**	**97 818 187**	**(975 188)**	**1 050 613**

RECONCILIATION OF INTANGIBLE ASSETS – GROUP

GROUP	2024 Opening balance	Disposals	Other changes, movements	Amortisation	Total
Computer software	1 050 613	(92 587)	(21 138)	(42 968)	893 920

GROUP	2023 Opening balance	Other changes, movements	Amortisation	Total
Computer software	996 585	268 338	(214 310)	1 050 613

RECONCILIATION OF INTANGIBLE ASSETS – COMPANY

COMPANY	2024 Opening balance	Disposals	Accumulated amortisation	Amortisation	Total
Computer software	1 050 613	(92 587)	123 534	(187 640)	893 920

COMPANY	2023 Opening balance	Other changes, movements	Amortisation	Total
Computer software	3 122 318	(2 070 504)	(1 201)	1 050 613

5. LOANS TO GROUP COMPANIES

JOINT VENTURES

	GROUP		COMPANY	
	2024	2023	2024	2023
Initial cost contribution loan to PSJV	52 015 518	74 449 738	52 015 518	74 449 738

This loan was issued to the PSJV as an initial cost contribution to start the PSJV in terms of the deed of settlement. This loan is interest free and has no repayment terms. The loan will be recovered as the PSJV incurs positive earnings before interest, depreciation, tax and amortisation as indicated in the deed of settlement and the unanimous resolution. The Board is assessing the cashflow required for maintaining and upgrading PSJV operations before the loan capital can be repaid.

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

	GROUP		COMPANY	
	2024	2023	2024	2023
Non-current assets	52 015 518	74 449 738	52 015 518	74 449 738
Current assets	-	-	-	-
	52 015 518	**74 449 738**	**52 015 518**	**74 449 738**

6. INVENTORIES

	GROUP		COMPANY	
	2024	2023	2024	2023
Work in progress	20 822	-	20 822	-
Diamonds	26 527 004	246 843 954	26 527 004	246 843 954
Stores	3 219 684	2 971 372	3 219 684	2 971 372
Fuel	301 923	347 328	301 923	347 328
	30 069 433	**250 162 654**	**30 069 433**	**250 162 654**

Diamond inventory is carried at net realisable value. No inventories have been pledged as security. The exclusion from IAS 2 is based on the diamond stock being minerals and mineral product, which is excluded when based on industry norms. Changes in net realisable value are recognised in profit or loss.

7. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
Financial instruments				
Trade receivables	52 993 534	54 055 632	52 993 534	54 055 632
Deposits	271 094	263 444	271 094	263 444
Other receivables	22 009 302	20 409 616	22 009 302	20 409 616
Related-party receivables	60 999	343 616	60 999	343 616
Non-financial instruments				
VAT	-	2 414 248	-	2 414 248
Total trade and other receivables	**75 334 929**	**77 486 556**	**75 334 929**	**77 486 556**

8. UNIT TRUSTS

	GROUP		COMPANY	
	2024	2023	2024	2023
Mandatorily at fair-value through profit or loss				
Unit trusts	75 658 602	68 873 578	12 141 025	11 095 821
These unit trusts are held through Momentum and are accounted for on market-to-market valuation through profit and loss.				
Split between non-current and current portions				
Non-current assets	-	-	-	-
Current assets	75 658 602	68 873 578	12 141 025	11 095 821
	75 658 602	**68 873 578**	**12 141 025**	**11 095 821**

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024	2023	2024	2023
Cash and cash equivalents consist of:				
Cash on hand	133 092	7 506	133 092	7 506
Bank balances	423 058 081	318 268 977	241 415 529	150 487 059
Bank overdraft	(1 504 454)	(466 049)	(1 504 454)	(466 049)
	421 686 719	**317 810 434**	**240 044 167**	**150 028 516**
Current assets	423 191 173	316 809 298	241 548 621	149 027 380
Current liabilities	(1 504 454)	(16 448)	(1 504 454)	(16 448)
	421 686 719	**316 792 850**	**240 044 167**	**149 010 932**

10. SHARE CAPITAL

	GROUP		COMPANY	
	2024	2023	2024	2023
Issued				
No par value ordinary shares	400 000 000	400 000 000	400 000 000	400 000 000

Alexkor SOC Limited received R350 million through its Medium-term Expenditure Framework allocation on 31 December 2012. This was recapitalisation from the shareholder and additional shares to increase from R50 million initial share capital were issued. Par value shares were converted to no par value shares to be aligned with Alexkor's amended memorandum of incorporation.

The R350 million provided by National Treasury was to be utilised in compliance with the deed of settlement as follows:

a) R200 million to be set aside for the rehabilitation liability.
b) R50 million to settle the post-retirement medical aid liability.
c) R55 million to settle all the statutory tax obligations that arose from the stipulations in the deed of settlement.
d) R45 million to transfer to the CPA property holding company to comply with the deed of settlement for the 10-year lease of Alexander Bay township.

11. ENVIRONMENTAL REHABILITATION LIABILITY

	GROUP		COMPANY	
	2024	2023	2024	2023
Summary of environmental rehabilitation liability				
Environmental rehabilitation liability	387 030 157	204 808 039	387 030 157	204 808 039
Split between non-current and current portions				
Non-current liabilities	387 030 157	204 808 039	387 030 157	204 808 039

The company has an obligation to rehabilitate the environment as a result of environmental disturbances caused by its mining activities. A provision is recognised for the estimated costs to rehabilitate the existing environmental disturbances as at year-end. The adjustment in the current year's provision was as a result of a reassessment of the liability. The extent of sand plume increases during the year as result of past disturbances and the inevitable need to exercise control over this will result in escalating rehabilitation costs in future years. The required rehabilitation includes pebble stabilisation of sources, netting and possible reed grass revegetation. The table above provides a reconciliation of the carrying value of the rehabilitation liability:

Environmental rehabilitation liability relating to mining contracts represents an estimated cost of rehabilitating the environment in the Ritchersveld area for legacy mining by Alexkor SOC Limited and PSJV. A study was conducted by an independent environmental management consultant (Myezo Environmental Management Services (Pty) Ltd) to determine the rehabilitation liability balance for the financial year-end 2024.

The company's total rehabilitation liability amounted to R387 million as at 31 March 2024 (2023: R205 million), an increase of R182 million. Aerial photography was carried out previously, which provided the ground-truthed total recalculation of the rehabilitation liability, taking full cognisance of sand plume increases and sand plume control by netting over years. The impact of the current mining activities on the environment has worsened with no backfilling of excavations where possible, minimising of access to roads and erecting nets to curb the movement of sand at the base and toe of the sand plumes. Alexkor will continue to address the high-risk areas around Boegoeberg.

12. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
Financial instruments:				
Trade payables	13 198 640	52 585 968	13 152 639	52 539 969
Other payables	18 607 017	16 537 181	18 607 017	16 537 181
Government Fund Reserve	8 168 701	7 554 185	8 168 701	7 554 185
Accrued leave pay	2 565 594	1 908 138	2 565 594	1 908 138
Accrued liabilities	571 839	240 502	571 839	240 502
Deposits received	42 000	42 000	42 000	42 000
Salary-related payables	3 484	3 484	3 484	3 484
Non-financial instruments:				
Value added tax	32 632 672	-	32 632 672	-
	75 789 947	**78 871 458**	**75 743 946**	**78 825 459**
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	43 157 277	78 871 459	43 111 277	78 825 459
Non-financial instruments	32 632 672	-	32 632 672	-
	75 789 949	**78 871 459**	**75 743 949**	**78 825 459**

13. LOANS FROM GROUP COMPANIES

	GROUP		COMPANY	
	2024	2023	2024	2023
Joint ventures				
Short-term loan to PSJV	2 750 056	2 750 056	2 750 056	2 750 056

14. PROVISIONS

RECONCILIATION OF PROVISIONS – GROUP

	2024		
GROUP	Opening balance	Movements	Total
Provisions for contractor costs	182 664 475	(165 421 923)	17 242 552

	2023		
GROUP	Opening balance	Movements	Total
Provisions for contractor costs	-	182 664 475	182 664 475

RECONCILIATION OF PROVISIONS – COMPANY

	2024		
COMPANY	Opening balance	Movements	Total
Provisions for contractor costs	182 664 475	(165 421 923)	17 242 552

	2023		
COMPANY	Opening balance	Movements	Total
Provisions for contractor costs	-	182 664 475	182 664 475

These are provisions for contractor payments relating to the diamond sales split once the diamonds are sold.

15. REVENUE

	GROUP		COMPANY	
	2024	2023	2024	2023
Revenue from contracts with customers	553 113 218	359 916 540	553 113 218	359 916 540
Sale of goods	9 211 971	8 807 263	9 211 971	8 807 263
Rendering of services rentals and electricity				
	562 325 189	**368 723 803**	**562 325 189**	**368 723 803**

16. COST OF SALES

	GROUP		COMPANY	
	2024	2023	2024	2023
Sale of goods	446 994 259	208 513 282	446 994 259	208 513 282

17. OTHER INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
Sundry income	5 773 588	3 971 333	5 773 588	3 971 333

18. INVESTMENT INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
Investments in financial assets				
Interest received	37 667 261	19 912 983	18 066 808	7 766 950
Loans to group companies				
Joint ventures	9 819 655	-	9 819 655	-
Total interest income	**47 486 916**	**19 912 983**	**27 886 463**	**7 766 950**

19. FINANCE COSTS

	GROUP		COMPANY	
	2024	2023	2024	2023
Bank overdraft	2 010	33 271	2 010	33 271
Late payment of tax (South African Revenue Service)	8 141 564	442 885	8 141 564	442 885
Total finance costs	**8 143 574**	**476 156**	**8 143 574**	**476 156**

20. EMPLOYEE COSTS

	GROUP		COMPANY	
	2024	2023	2024	2023
Employee costs				
Basic	27 431 907	25 162 099	27 431 907	25 162 099
Bonus	1 597 297	924 379	1 597 297	924 379
Medical aid	1 661 614	850 291	1 661 614	850 291
Unemployment Insurance Fund	323 830	397 918	323 830	397 918
Skills development levy	191	-	191	-
Short-term benefit – allowances	4 118 965	2 604 108	4 118 965	2 604 108
Short-term benefit – pension	2 600 839	1 604 847	2 600 839	1 604 847
Short-term benefit – leave gratuity	776 285	296 897	776 285	296 897
	38 510 928	**31 840 539**	**38 510 928**	**31 840 539**

21. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	GROUP		COMPANY	
	2024	2023	2024	2023
Depreciation				
Property, plant and equipment	3 789 864	6 973 581	3 789 864	6 973 581
Leasehold improvements	185 648	59 668	185 648	59 668
	3 975 512	**7 033 249**	**3 975 512**	**7 033 249**
Amortisation				
Intangible assets	142 647	442 978	142 647	442 978
Impairment losses				
Property, plant and equipment	6 161 507	-	6 161 507	-
Intangible assets	1 135 296	-	1 135 296	-
	7 296 803	**-**	**7 296 803**	**-**
Total depreciation, amortisation and impairment				
Depreciation	3 975 512	7 033 249	3 975 512	7 033 249
Amortisation	142 647	442 978	142 647	442 978
Impairment losses	7 296 803	-	7 296 803	-
	11 414 962	**7 476 227**	**11 414 962**	**7 476 227**

22. CASH (USED IN)/GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2024	2023	2024	2023
(Loss) profit before taxation	(94 313 581)	93 811 113	(94 313 581)	93 811 113
Adjustments for non cash items				
Depreciation, amortisation, impairments and reversals of impairments	26 908 027	6 796 184	26 908 027	6 796 184
Losses on sale of assets and liabilities	-	2 521 853	-	2 521 853
Fair-value losses on rehabilitation liability	162 306 922	-	162 306 922	-
Movements in provisions for contractor cost	(165 421 923)	86 187 441	(165 421 923)	86 187 441
Adjust for items presented separately				
Interest income	(37 667 261)	(19 912 983)	(27 886 463)	(19 912 983)
Finance costs	8 143 574	33 271	8 143 574	33 271
Changes in working capital				
(Increase) decrease in inventories	220 093 221	(235 059 706)	220 093 221	(235 059 706)
(Increase) decrease in contract costs	-	1 088 387 249	-	1 088 387 249
(Increase) decrease in trade and other receivables	(13 341 438)	(642 527 768)	(13 341 438)	(642 527 768)
(Increase) decrease in prepayments	(405 484)	(111 382)	(405 484)	(111 381)
Increase (decrease) in trade and other payables	(73 749 978)	(395 877 712)	(73 945 846)	(395 877 710)
Increase (decrease) in environmental rehabilitation liability	182 222 118	-	182 222 118	-
	214 774 197	**(15 752 440)**	**224 359 127**	**(15 752 437**

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	GROUP		COMPANY	
	2024	2023	2024	2023
Contingent liability 1: PL Marine (Pty) Ltd: Case no 2080/2020				
Estimated financial effect	10 960 740	10 960 740	10 960 740	10 960 740

Alexkor SOC Limited and PSJV received summons during 2020 in the amount of R10 960 740 for delictual damages. A trial date is still to be sought.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

	GROUP		COMPANY	
	2024	2023	2024	2023
Contingent liability 2: Alexander Bay Diamond Company (SSI): Case no 2129/2020				
Estimated financial effect	9 636 535	9 397 839	9 636 535	9 397 839

Alexkor SOC Limited and the PSJV received summons during 2020 for contractual damages for unpaid commission.

SSI had objected to amendments. Alexkor and PSJV applied to Kimberley High Court for to amend the plea, which has been set down for 14 February 2025.

Contingent liability 3: Mervyn Carstens: Case no JR2136/2020				
Estimated financial effect	3 200 000	3 200 000	3 200 000	3 200 000

Contingent liability 4: Keami Investments: Case no GPRANRC1411/2022				
Estimated financial effect	231 597	-	231 597	-

Keami Investments instituted action against Alexkor SOC Limited for invoices raised as a result of training services provided by Keami to Alexkor SOC Limited.

Keami has applied for a trial, which is presumed to be set down towards the latter part of 2024, alternatively the first term of 2025.

Contingent liability 5: Marco Louw				
Estimated financial effect	144 000	-	144 000	-

Summons issued through a CCMA arbitration award. Matter currently held in abeyance.

Contingent liability 6: Canvas Intelligence (Pty) Ltd: Case no: 2281/2020				
Estimated financial effect	934 281	-	934 281	-

Canvas Intelligence instituted a claim against Alexkor RMC joint venture for a contract/contractual dispute. A pre-trial conference is yet to be set.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

Other matters

1. **Richtersveld Mining Company and 13 others: Case no 946/2016**
   Kimberley High Court handed has handed down judgment confirming that certain directors of RMC were duly appointed as directors on the PSJV board. RMC has since been placed under business rescue. A review will be conducted as to whether to set aside the appointment of the directors. No estimated liability.

2. **Mervyn Carstens: Case no: J0A07/24 LC Case no J1053/21**
   An award of R800 000 was ordered based on procedural unfairness during the suspension of an employee. The matter is being appealed.

3. **VAST Mineral Sands (Pty) Ltd SCA: Case no 557/2024**
   The matter is before the courts regarding the prospecting rights of Vast Mineral. Currently the prospecting rights have been extended to 2026 but the matter is being appealed in the Supreme Court of Appeal.

4. **The Department of Forestry, Fisheries and Environmental Affairs and two others: Case no 36510/2023**
   An application to review the decision by the Minister of Forestry, Fisheries and the Environment to dismiss Alexkor's objection against the DFFE's decision to issue it with a compliance notice for its cofferdam mining activities, was launched in the Gauteng High Court, Pretoria in April 2023.

24. RELATED PARTIES

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Relationships

Ultimate holding company	Department of Public Enterprises
Holding company	Alexkor SOC Limited
Subsidiaries	Alexkor Rehabilitation Trust
Joint venture	Alexkor RMC Pooled and Sharing Joint Venture (PSJV)
Other related parties	Richtersveld Mining Company (Pty) Ltd
Government-related parties	State Diamond Trader
	Eskom SOC Limited
	Telkom SOC Limited
	Special Investigating Unit
	Department of Water Affairs
	Department of Health
	South African Revenue Service
	Department of Public Works
	Department of Defence
	SA Civil Aviation Authority

24. RELATED PARTIES (CONTINUED)

	GROUP		COMPANY	
	2024	2023	2024	2023
Related-party balances				
Telkom State-owned Company Limited	41 429	168 228	41 429	168 228
Department of Public Works	28 824	13 560	28 824	13 560
Department of Defence	1 974	1 473	1 974	1 473
Telkom State-owned Company Limited	(73 899)	(150 015)	(73 899)	(150 015)
Eskom State-owned Company	-	(976 356)	-	(976 356)
Department of Health	-	(112 545)	-	(112 545)
Special Investigating Unit	-	(2 567 382)	-	(2 567 382)
SA Civil Aviation Authority	(9 406)	-	(9 406)	-
Alexkor Richtersveld Mining Company Joint Venture	(6 004 319)	(41 138 715)	(6 004 319)	(41 138 715)
Related-party transactions				
Purchases from (sales to) related parties				
State Diamond Trader	(15 743 447)	(23 472 102)	(15 743 447)	(23 472 102)
Eskom State-owned Company Limited	24 538 524	17 061 361	24 538 524	17 061 361
Alexkor RMC Pooling and Sharing Joint Venture	(9 970 707)	(6 580 120)	(9 970 707)	(6 580 120)
SA Civil Aviation Authority	9 406	-	9 406	-
Telkom State-owned Company Limited	469 864	481 431	469 864	481 431
Administration and consultation fees paid to (received from) related parties				
Special Investigating Unit	2 612 319	6 027 973	2 612 319	6 027 973
Compensation to directors and other key management				
Short-term employee benefits	1 719 982	2 196 440	1 719 982	2 196 440

25. DIRECTORS' EMOLUMENTS

NON-EXECUTIVE DIRECTORS' EMOLUMENTS	2024						
	Board fees	Annual retainer	Audit and Risk committee	Social, Ethics and Human Resources Committee	Environmental Rehabilitation and Operations Committee	Reimbursement costs	Total
Services as director or prescribed officer							
Dr Patricia Hanekom (Chairperson)	158 400	220 000	31 800	-	-	-	410 200
Karabo Mbele	26 400	122 200	-	19 800	-	-	168 400
Dineo Peta	198 000	122 200	39 600	-	31 800	-	391 600
Hilary Swartbooi	145 200	122 200	-	31 800	-	-	299 200
Prof Mavis Hermanus	79 200	-	-	-	19 800	-	99 000
Alan Roberts	198 000	91 650	-	31 800	-	-	321 450
	805 200	**678 250**	**71 400**	**83 400**	**51 600**	**-**	**1 689 850**
Services as director or prescribed officer of any other company in the group							
A Cloete (PSJV)	-	-	-	-	-	1 200	1 200
A Joseph (PSJV)	-	-	-	-	-	1 200	1 200
H de Wee (PSJV)	-	-	-	-	-	7 632	7 632
N Swartbooi (PSJV)	-	-	-	-	-	1 200	1 200
R Thomas (PSJV)	-	-	-	-	-	8 868	8 868
	-	-	-	-	-	**20 100**	**20 100**
	805 200	**678 250**	**71 400**	**83 400**	**51 600**	**20 100**	**1 709 950**

DIRECTORS' EMOLUMENTS	2023		
	Basic salary	Fees paid	Total
Services as director or prescribed officer			
Dr Patricia Hanekom (Chairperson)	-	415 600	415 600
Prof Mavis Hermanus	-	383 800	383 800
Karabo Mbele	-	320 200	320 200
Dineo Peta	-	397 000	397 000
Hilary Swartbooi	-	304 600	304 600
Alan Roberts	-	288 700	288 700
Prof Trevor Fowler (interim CEO)	1 090 248	-	1 090 248
	1 090 248	**2 109 900**	**3 200 148**

The Alexkor Rehabilitation Trust trustees were not paid remuneration during the current year.

26. PRIOR-PERIOD ERRORS

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

	GROUP		COMPANY	
	2024	2023	2024	2023
Statement of financial position				
Increase in property, plant and equipment	-	13 491 275	-	13 491 275
Increase in investment property/increase in other comprehensive income	-	162 850 391	-	162 850 391
Decrease in trade and other receivables (VAT)	-	(7 142 134)	-	(7 142 134)
Decrease in inventories/decrease in cost of sales	-	(11 984 048)	-	(11 984 048)
Decrease in trade and other payables/decrease in cost of sales	-	99 306 131	-	99 306 131
Increase in provision for contractor costs/increase in cost of sales	-	(81 074 923)	-	(81 074 923)
Changes in retained earnings	-	10 585 264	-	9 584 932
Statement of profit/loss and other comprehensive income				
Increase in revenue	-	(5 218 320)	-	(5 218 320)
Increase in cost of sales	-	6 988 672	-	6 988 672

1. **Property, plant and equipment**
   Property, plant and equipment was incorrectly accounted for due to assets not having been classified correctly or not capitalised. The assets have now be verified and capitalised accordingly with an additional value of R13 491 275.

2. **Investment property**
   The fair valuation of the investment property has resulted in an increase in the value by an amount of R162 850 391, which has been adjusted to the 2023 annual financial statements.

3. **Inventories**
   When correcting the inventory related to parcel 304, only 90% should have been adjusted instead of 100%, as 10% was sold to the State Diamond Trader. Consequently, inventory was overstated by R12 494 161.

   There was also an adjustment on consumables relating to prior-year differences, which was corrected by R510 113.

4. **Trade and other receivables**
   Trade and other receivables were understated by R7 142 053 due to VAT and contract debtors not considered with the initial reversal of sale 304.

5. **Trade and other payables**
   Trade creditors were overstated by R99 306 131. The initial sale 304 reversal did not account for adjusting the creditors, even though contractors are paid their portion of the sale. Additionally, the adjustment includes the provision for royalties tax related to the 4% of diamonds sold to the State Diamond Trader.

26. PRIOR-PERIOD ERRORS (CONTINUED)

6. Provisions

Provisions for contractor costs were understated by R81 074 923. This adjustment is necessary to account for the contractors' share of 26% of the diamond inventory, which was not initially provided for.

7. Revenue

Revenue from sale of diamonds was understated in the prior year by R5 218 320 due to sale transaction 304, which was paid by the customer on 22 March 2023 and the relative revenue was not recorded in the accounting records as the entity wasn't sure when control of the diamonds had passed on to the seller at that time.

8. Cost of sales

The cost of sales was understated by R6 988 672. This understatement resulted from the misclassification of the 4% sale portion of parcel 304. This adjustment corrects the cost associated with the sold diamonds. Additionally, the inventory adjustment classified under cost of sales required correction due to the 10% inventory sold to the State Diamond Trader.

27. GOING CONCERN

The consolidated annual financial statements were 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 group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements were prepared on a going-concern basis. The directors are satisfied the group 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 group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the group.

28. EVENTS AFTER THE REPORTING PERIOD

In terms of IAS 10 (Events after the reporting period), non-adjusting post-balance-sheet events are events after the reporting period that are indicative of a condition that arose after the reporting period ended 31 March 2024.

Ownership structure

On Monday, 26 August 2024, President Cyril Ramaphosa assigned a shareholder responsibility for each of the state-owned enterprises that previously fell under the Department of Public Enterprises to its line-function ministry.

He signed proclamations that, in terms of section 97 of the Constitution of the Republic of South Africa of 1996, transfer the administration, powers and functions entrusted by the specified legislation as follows: Alexkor SOC Limited: Minister of Department of Mineral and Petroleum Resources.

General mine manager

On 1 August 2024, the Board was informed of the resignation of mine manager Deon Bowers from 30 August 2024. It is currently putting a plan in place to fill the position.

Appointment of Board of directors

On 27 March 2025, the Minister of Department of Mineral and Petroleum Resources appointed a new Board with effect from 1 April 2025. The following are appointed for three years:

- Dineo Peta (Chairperson)
- Hilary Swartbooi
- Adj Prof Trevor Fowler
- Shinduvi Zitha
- Bongi Ngxishe
- Dr Jonty Tshipa
- Dr Nico Patrick Swartz
- Freddy Raseote.

29. FRUITLESS AND WASTEFUL EXPENDITURE

	GROUP		COMPANY	
	2024	2023	2024	2023
South African Revenue Service – late interest	-	13 688	-	13 688
South African Revenue Service – late penalties	63 670	432 972	63 670	432 972
South African Revenue Service – VAT prior-year adjustment	208 598	-	208 598	-
DFR General	49	-	49	-
WM Spilhaus	326	-	326	-
Eskom SOC Limited	46 266	-	46 266	-
Telkom SOC Limited	3 640	-	3 640	-
Eskom SOC Limited and Telkom SOC Limited	-	99 743	-	99 743
Auditor-General late payment interest	26 849	-	26 849	-
Messina Inc	713	-	713	-
Richtersveld Local Municipality	1 553	-	1 553	-
Matzikama Local Municipality	641	-	641	-
	352 305	**546 403**	**352 305**	**546 403**

The material losses, through fruitless and wasteful expenditure, have been identified and reported in terms of section 22(2)(b)(i) of the Public Finance Management Act No 1 of 1999 as amended.

30. IRREGULAR EXPENDITURE

	GROUP		COMPANY	
	2024	2023	2024	2023
The following is irregular expenditure:			-	13 688
Opening balance	6 024 859	4 291 911	6 024 859	4 291 911
Irregular expenditure identified during the year	13 133 692	3 254 138	13 133 692	2 312 882
Less: Amount condoned	-	(579 934)	-	(579 934)
	19 158 551	**6 966 115**	**19 158 551**	**6 024 859**
Details:				
Prince Mbetse Diamonds (Pty) Ltd – marketing of diamonds	-	751 263	-	57 500
Quentin Green – CFO consulting	437 020	456 022	437 020	456 022
Mike Solomon – mining tender 01/2022 consulting	1 283 462	1 799 360	1 283 462	1 799 360
Messina Inc – legal fees and secretarial fees	7 369 160	-	7 369 160	-
Deviations – (various)	2 311 885	-	2 311 885	-
All About Ads – media and communication	53 326	-	53 326	-
Gijima – assessment for recruitment	23 180	-	23 180	-
BDO – integrated report	481 942	-	481 942	-
Nama Tyres	243 948	-	243 948	-
Cascade Cape	22 337	-	22 337	-
Spectrum	222 054	-	222 054	-
PlaceMyAd – media and communication	225 174	-	225 174	-
OK Furniture	6 199	-	6 199	-
Accord Kalos Academy (Pty) Ltd	234 300	-	234 300	-
Honolulu Hardware	14 550	-	14 550	-
Peddie Enterprise	21 860	-	21 860	-
Loumar Trading (Pty) Ltd	21 282	-	21 282	-
Port Mica	19 400	-	19 400	-
Khutso Group Solutions	-	104 880	-	104 880
SCG – Security Kidja Building	142 613	-	142 613	-
	13 133 692	**3 111 525**	**13 133 692**	**2 417 762**

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with the requirements of any of the applicable legislation, including:

– Public Finance Management Act No 1 of 1999 (PFMA) or
– the State Tender Board Act 1968 or any regulations made in terms of that Act.

31. FINANCIAL RISK MANAGEMENT

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current-year profit and loss information has been included where relevant to add further context.

31.1 MARKET RISK

31.1.1 PRICE RISK

Exposure

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at fair-value through other comprehensive income (note 7(c)) or at fair-value through profit or loss (note 7(d)).

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The majority of the group's equity investments are not publicly traded.

31.2 CREDIT RISK

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at fair-value through profit or loss and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

31.2.1 RISK MANAGEMENT

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

31.2.2 IMPAIRMENT OF FINANCIAL ASSETS

The group has four types of financial assets that are subject to the expected credit loss model:
- trade receivables for sales of inventory, and
- debt investments carried at fair-value through other comprehensive income.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months. However, trade receivables over 90 days are generally provided as credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The group has identified gross domestic product and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

31.2.2 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

31.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate number of committed credit facilities to meet obligations when due. At the end of the reporting period the group held deposits at call as per note 16 that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the group's liquidity reserve comprising the cash and cash equivalents (note 7(e)) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. In addition, the group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against regulatory requirements and maintaining debt financing plans.

32. NEW STANDARDS AND INTERPRETATIONS

32.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation:	Effective date: years beginning on or after	Expected impact:
International tax reform Pillar two model rules amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
Initial application of IFRS 17 and IFRS 9 Comparative information	01 January 2023	The impact of the amendment is not material.
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 not material.
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.
IFRS 17 Insurance Contracts	01 January 2023	The impact of the amendments is not material.

32. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

32.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 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 2099	Unlikely to have a material impact
Lack of exchangeability amendments to IAS 21	01 January 2025	Unlikely to have a material impact
Supplier finance arrangements amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely to have a material impact
Non-current liabilities with covenants amendments to IAS 1	01 January 2024	Unlikely to have a material impact
Lease liability in a sale and leaseback	01 January 2024	Unlikely to have a material impact

33. INTERESTS IN SUBSIDIARIES INCLUDING CONSOLIDATED STRUCTURED ENTITIES

The following table lists the entities controlled by the group, either directly or indirectly through subsidiaries.

Company

		2024	2023	2024	2023	2024	2023
NAME OF COMPANY	HELD BY	% VOTING POWER		% HOLDING		CARRYING AMOUNT	
Alexkor Rehabilitation Trust	Alexkor SOC Limited	100%	100%	100%	100%	245 729 871	225 559 676

Reconciliation of cash held in the rehabilitation trust

			2024	2023
Opening Balance	-	-	225 559 677	215 781 540
- Unit trusts	-	-	63 517 577	57 777 757
- Cash held at the bank	-	-	162 042 100	158 003 783
Utilised for the rehabilitation	-	-	-	-
Prior-period error	-	-	569 741	(2 367 897)
Interest received	-	-	19 600 453	12 146 033
Closing balance	-	-	**245 729 871**	**225 559 676**

34. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the group:

	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST 2024	% OWNERSHIP INTEREST 2023
Joint operation			
PSJV	South Africa	51%	51%

35. OTHER OPERATING GAINS (LOSSES)

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Fair-value gains (losses)				
Environment rehabilitation liability designated as at fair-value through profit or loss	(162 306 922)	9 778 136	(162 306 922)	9 778 136

36. OTHER NON-OPERATING GAINS (LOSSES)

	Notes	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Fair-value gains (losses)					
Investment property	3	79 552 063	-	79 552 063	-

37. CHANGE IN ESTIMATE

Property, plant and equipment

During the current year, the company re-evaluated the estimated useful life of its manufacturing equipment and furniture and fittings based on recent asset verification reports indicating the condition of assets. As a result, the depreciation expense for the current period and future periods has been adjusted to reflect this revised useful life, resulting in an increase in net income of R218 132.

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments
Categories of financial assets

Group — 2024

	Notes	FAIR-VALUE THROUGH PROFIT OR LOSS — MANDATORY	AMORTISED COST	TOTAL	FAIR-VALUE
Loans to group companies	5	-	52 015 518	52 015 518	-
Investments at fair-value	8	75 658 602	-	75 658 602	75 658 602
Trade and other receivables	7	-	75 334 929	75 334 929	-
Cash and cash equivalents	9	-	423 191 173	423 191 173	-
		75 658 602	**550 541 620**	**626 200 222**	

Group — 2023

Loans to group companies	5	-	74 449 738	74 449 738	-
Investments at fair-value	8	68 873 578	-	68 873 578	68 873 578
Trade and other receivables	7	-	75 072 308	75 072 308	-
Cash and cash equivalents	9	-	318 277 182	318 277 182	-
		68 873 578	**467 799 228**	**536 672 806**	**68 873 578**

Company — 2024

Loans to group companies	5	-	52 015 518	52 015 518	-
Investments at fair-value	8	12 141 025	-	12 141 025	12 141 025
Trade and other receivables	7	-	75 334 929	75 334 929	-
Cash and cash equivalents	9	-	241 548 621	241 548 621	-
		12 141 025	**368 899 068**	**381 040 093**	**12 141 025**

Company — 2023

Loans to group companies	5	-	74 449 738	74 449 738	-
Investments at fair-value	8	11 095 821	-	11 095 821	11 095 821
Trade and other receivables	7	-	75 072 308	75 072 308	-
Cash and cash equivalents	9	-	150 495 264	150 495 264	-
		11 095 821	**300 017 310**	**311 113 131**	**11 095 821**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial liabilities

	Notes	AMORTISED COST	TOTAL	FAIR-VALUE
Group — 2024				
Trade and other payables	12	43 157 277	43 157 277	-
Loans from group companies	13	2 750 056	2 750 056	-
Lease liabilities		83 601	83 601	-
		45 990 934	**45 990 934**	**-**
Group — 2023				
Trade and other payables	12	78 871 459	78 871 459	-
Loans from group companies	13	2 750 056	2 750 056	-
Lease liabilities		83 601	83 601	-
		81 705 116	**81 705 116**	**-**
Company — 2024				
Trade and other payables	12	43 111 277	43 111 277	-
Loans from group companies	13	2 750 056	2 750 056	-
Lease liabilities		83 801	83 801	-
		45 945 134	**45 945 134**	**-**
Company — 2023				
Trade and other payables	12	78 825 459	78 825 459	-
Loans from group companies	13	2 750 056	2 750 056	-
Lease liabilities		83 801	83 801	-
		81 659 316	**81 659 316**	**-**

Pre-tax gains and losses on financial instruments
Gains and losses on financial assets

Group - 2024

	Notes	AMORTISED COST	TOTAL
Recognised in profit or loss:			
Interest income	18	47 486 916	47 486 916
Movement in credit loss allowances	36	(15 493 065)	(15 493 065)
Net gains (losses)		**31 993 851**	**31 993 851**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Pre-tax gains and losses on financial instruments
Gains and losses on financial assets

Group — 2023

Recognised in profit or loss:				
Interest income	18		19 912 983	19 912 983

Company — 2024

Recognised in profit or loss:				
Interest income	18		27 886 463	27 886 463
Movement in credit loss allowances	36		(15 493 065)	(15 493 065)
Net gains (losses)			**12 393 398**	**12 393 398**

Company — 2023

Recognised in profit or loss:				
Interest income	18		7 766 950	7 766 950

Gains and losses on financial liabilities

Group — 2024

	Notes	FAIR-VALUE THROUGH PROFIT OR LOSS — DESIGNATED	AMORTISED COST	TOTAL
Recognised in profit or loss:				
Finance costs	19	-	(2 010)	(2 010)
Gains (losses) on valuation adjustments	35	(162 306 922)	-	(162 306 922)
Net gains (losses)		**(162 306 922)**	**(2 010)**	**(162 308 932)**

Group — 2023

Recognised in profit or loss:				
Finance costs	19	-	(33 271)	(33 271)
Gains (losses) on valuation adjustments	35	9 778 136	-	9 778 136
Net gains (losses)		**9 778 136**	**(33 271)**	**9 744 865**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Gains and losses on financial liabilities (continued)

Company — 2024

	Notes	FAIR-VALUE THROUGH PROFIT OR LOSS — DESIGNATED	AMORTISED COST	TOTAL
Recognised in profit or loss:				
Finance costs	19	-	(2 010)	(2 010)
Gains (losses) on valuation adjustments	35	(162 306 922)	-	(162 306 922)
Net gains (losses)		**(162 306 922)**	**(2 010)**	**(162 308 932)**

Company — 2023

	Notes	FAIR-VALUE THROUGH PROFIT OR LOSS — DESIGNATED	AMORTISED COST	TOTAL
Recognised in profit or loss:				
Finance costs	19	-	(33 271)	(33 271)
Gains (losses) on valuation adjustments	35	9 778 136	-	9 778 136
Net gains (losses)		**9 778 136**	**(33 271)**	**9 744 865**

Capital risk management

		GROUP		COMPANY	
	Notes	2024	2023	2024	2023
Loans from group companies	13	2 750 056	2 750 056	2 750 056	2 750 056
Lease liabilities		83 601	83 601	83 601	83 601
Trade and other payables	12	75 789 949	78 871 459	75 743 949	78 825 459
Total borrowings		**78 623 606**	**81 705 116**	**78 577 606**	**81 659 116**
Total borrowings	9	(421 686 719)	(317 810 434)	(240 044 167)	(150 028 516)
Net borrowings		**(343 063 113)**	**(236 105 318)**	**(161 466 561)**	**(68 369 400)**
Equity		461 758 310	537 368 637	462 374 053	537 414 637
Gearing ratio		74%	44%	35%	13%

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management

Overview

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

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

Credit risk

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

The group is exposed to credit risk on loans receivable (at amortised cost), debt instruments at fair-value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and .

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, but excluding those measured at fair-value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determines whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management applies the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management considers information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

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

Group

		2024			2023		
Figures in Rand	Notes	Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Loans to group companies	5	52 015 518	-	52 015 518	74 449 738	-	74 449 738
Trade and other receivables	7	75 334 929	-	75 334 929	77 486 556	-	77 486 556
Cash and cash equivalents	9	423 191 173	-	423 191 173	318 277 182	-	318 277 182
		550 541 620	**-**	**550 541 620**	**470 213 476**	**-**	**470 213 476**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Company

Figures in Rand	Notes	2024 Gross carrying amount	2024 Credit loss allowance	2024 Amortised cost/fair value	2023 Gross carrying amount	2023 Credit loss allowance	2023 Amortised cost/fair value
Loans to group companies	5	52 015 518	-	52 015 518	74 449 738	-	74 449 738
Trade and other receivables	7	75 334 929	-	75 334 929	77 486 556	-	77 486 556
Cash and cash equivalents	9	241 548 621	-	241 548 621	150 495 264	-	150 495 264
		368 899 068	**-**	**368 899 068**	**302 431 558**	**-**	**302 431 558**

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

The group 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 long- and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

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.

Group — 2024

	Notes	LESS THAN 1 YEAR	CARRYING AMOUNT	CARRYING AMOUNT
Non-current liabilities				
Lease liabilities		-	-	83 601
Current liabilities				
Trade and other payables	12	43 157 277	43 157 277	43 157 277
Loans from group companies	13	2 750 056	2 750 056	2 750 056
Bank overdraft	9	1 504 454	1 504 454	1 504 454
		47 111 787	**47 111 787**	**47 328 186**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Group — 2023

	Notes	LESS THAN 1 YEAR	CARRYING AMOUNT	CARRYING AMOUNT
Non-current liabilities				
Lease liabilities		83 601	83 601	83 601
Current liabilities				
Trade and other payables		78 871 459	78 871 459	78 871 459
Loans from group companies		2 750 056	2 750 056	2 750 056
Bank overdraft		1 504 454	1 504 454	1 504 454
		83 209 570	**83 209 570**	**83 042 368**

Company — 2024

	Notes	LESS THAN 1 YEAR	CARRYING AMOUNT	CARRYING AMOUNT
Non-current liabilities				
Lease liabilities		83 601	83 601	83 601
Current liabilities				
Trade and other payables		43 111 277	43 111 277	43 111 277
Loans from group companies	13	2 750 056	2 750 056	2 750 056
Bank overdraft	9	1 504 454	1 504 454	1 504 454
		47 449 388	**47 449 388**	**47 449 388**

Company — 2023

	Notes	LESS THAN 1 YEAR	CARRYING AMOUNT	CARRYING AMOUNT
Non-current liabilities				
Lease liabilities		83 601	83 601	83 601
Current liabilities				
Trade and other payables	12	78 825 459	78 825 459	78 825 459
Loans from group companies	13	2 750 056	2 750 056	2 750 056
Bank overdraft	9	466 049	466 049	466 049
		82 125 165	**82 125 165**	**82 125 165**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financing facilities

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Unsecured bank overdraft facility, reviewed annually and payable on call:				
Used	1 504 454	466 748	1 504 454	466 748

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currency in which the group deals primarily is US Dollars. There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in Rand

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

Exchange rates

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Rand per unit of foreign currency:				
US Dollar	18 812	17 796	18 812	17 796

Interest rate risk

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

The group policy with regards to financial assets is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

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

Details of interest rate risk exposure are contained in the notes throughout these financial statements.

Price risk

The group is exposed to price risk because of its investments in equity instruments that are measured at fair-value. The exposure to price risk on equity investments is managed through a diversified portfolio and through the use of option contracts on relevant indexes, where necessary.

The group is exposed to commodity price risk.

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

39. FAIR-VALUE INFORMATION

Fair-value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair-value measurements

Level 2

Recurring fair-value measurements

		GROUP		COMPANY	
Assets	Notes	2024	2023	2024	2023
Investment property					
Investment properties	3	247 571 945	168 019 882	247 571 945	168 019 882
Investments in subsidiaries at fair-value					
Investments in unlisted subsidiaries	33	-	-	245 729 871	225 559 676
Financial assets mandatorily at fair-value through profit or loss					
Unit trusts	8	75 658 602	68 873 578	12 141 025	11 095 821
Total		**323 230 547**	**236 893 460**	**505 442 841**	**404 675 379**

Valuation processes applied by the group

The fair-value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair-value of the group's investment portfolio every year.

DETAILED INCOME STATEMENT

		GROUP		COMPANY	
Figures in Rand	Notes	2024	2023 Restated*	2024	2023 Restated*
Revenue					
Sale of goods		553 113 218	359 916 540	553 113 218	359 916 540
Rendering of services		9 211 971	8 807 263	9 211 971	8 807 263
	15	**562 325 189**	**368 723 803**	**562 325 189**	**368 723 803**
Cost of sales					
Opening stock		(250 162 654)	-	(250 162 654)	-
Purchases		(226 880 216)	(458 675 936)	(226 880 216)	(458 675 936)
Closing stock		30 048 611	250 162 654	30 048 611	250 162 654
	16	**(446 994 259)**	**(208 513 282)**	**(446 994 259)**	**(208 513 282)**
Gross profit		**115 330 930**	**160 210 521**	**115 330 930**	**160 210 521**
Other operating income					
Other income		5 773 588	3 971 333	5 773 588	3 971 333
Other operating gains (losses)					
Fair-value adjustment in environment rehabilitation Liability designated at fair-value		(162 306 922)	9 778 136	(162 306 922)	9 778 136
Movement in credit loss allowances		(15 493 065)	-	(15 493 065)	-
Expenses (refer to page 117)		**(128 225 334)**	**(92 341 024)**	**(128 225 334)**	**(92 341 024)**
Operating (loss) profit		**(184 920 803)**	**81 618 966**	**(184 920 803)**	**81 618 966**
Investment income	18	47 486 916	19 912 983	27 886 463	7 766 950
Finance costs	19	(8 143 574)	(476 156)	(8 143 574)	(476 156)
Other non-operating gains (losses)					
Fair-value gains on the investment property		79 552 063	-	79 552 063	-
Total comprehensive (loss) income for the year		**(66 025 398)**	**101 055 793**	**(85 625 851)**	**88 909 760**

* See note 26

DETAILED INCOME STATEMENT

	GROUP		COMPANY	
Figures in Rand	2024	2023 Restated*	2024	2023 Restated*
Other operating expenses				
Advertising	(275 280)	(137 757)	(275 280)	(137 757)
Amortisation	(142 647)	(442 978)	(142 647)	(442 978)
Auditor's remuneration — external audit	(6 359 367)	(410 465)	(6 359 367)	(410 465)
Bad debts	(206 198)	(2 521 637)	(206 198)	(2 521 637)
Bank charges	(335 379)	(458 416)	(335 379)	(458 416)
Cleaning	(965 563)	(377 359)	(965 563)	(377 359)
Computer expenses	(55 731)	-	(55 731)	-
Consulting fees	(4 198 714)	(1 953 574)	(4 198 714)	(1 953 574)
Legal fees	(8 310 467)	(6 642 967)	(8 310 467)	(6 642 967)
Consumables	(790 668)	(1 150 307)	(790 668)	(1 150 307)
Depreciation	(3 975 512)	(7 033 249)	(3 975 512)	(7 033 249)
Employee costs	(38 510 928)	(31 840 539)	(38 510 928)	(31 840 539)
Entertainment	(33 712)	(44 340)	(33 712)	(44 340)
Socio and economic assistance	-	(2 903)	-	(2 903)
Educational assistance	-	(367 200)	-	(367 200)
Safety equipment	(326 291)	(197 216)	(326 291)	(197 216)
Hire	(1 082 367)	(925 987)	(1 082 367)	(925 987)
Impairment	(7 296 803)	-	(7 296 803)	-
Insurance	(915 775)	(401 209)	(915 775)	(401 209)
Medical expenses	(184 711)	(243 939)	(184 711)	(243 939)
Motor vehicle expenses	(9 484 687)	(3 051 723)	(9 484 687)	(3 051 723)
Municipal expenses	(21 389 792)	(14 517 603)	(21 389 792)	(14 517 603)
Other expenses	(2 626 099)	(456 229)	(2 626 099)	(456 229)
Printing and stationery	(78 135)	(84 979)	(78 135)	(84 979)
Repairs and maintenance	(1 659 878)	(1 423 215)	(1 659 878)	(1 423 215)
Security	(14 653 194)	(13 162 623)	(14 653 194)	(13 162 623)
Staff welfare	(998 752)	(1 163 469)	(998 752)	(1 163 469)
Subscriptions	(277 560)	(95 604)	(277 560)	(95 604)
Telephone and fax	(798 357)	(815 655)	(798 357)	(815 655)
Training	(1 175 664)	(966 831)	(1 175 664)	(966 831)
Transport and freight	(218 577)	(210 632)	(218 577)	(210 632)
Travel – local	(898 526)	(1 240 419)	(898 526)	(1 240 419)
	(128 225 334)	**(92 341 024)**	**(128 225 334)**	**(92 341 024)**

* See note 26

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RP399/2025
ISBN: 978-1-83491-390-2