CEF Group of Companies

2023/24 Integrated Annual Report



Gearing For Growth - Success By Design

CEF

Group of Companies

CEF SoC Ltd is involved in the search for appropriate energy solutions to meet the energy needs of South Africa, the Southern African Development Community (SADC) and the sub-Saharan African region, including oil, gas, solar energy, and renewable energy sources. CEF controls entities with commercial and developmental roles, housed in various operating subsidiaries.

ABBREVIATIONS & ACRONYMS

4IR	Fourth Industrial Revolution
AEMFC	African Exploration Mining and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
BARC	Board Audit & Risk Committee
BOPD	Barrel Oil per day
B-BBEE	Broad-Based Black Economic Empowerment
BBL	Barrel (equals 159 litres)
BCM	Business Continuity Management
BEE	Black Economic Empowerment
BPS	Basis Points
·Bscf	Billions of standard cubic feet
CCE	Cape Cleaner Energy Solutions SOC Limited
CCMA	Commission for Conciliation, Mediation and Arbitration
CEF	CEF SOC Limited
CEF	Central Energy Fund
CEF Act	Central Energy Fund (Act no 38 of 1977) as amended
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CMG	Companhia Mocambiçana de Gasoduto
CNG	CNG Holdings
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CSP	Concentrated Solar Power
DIFR	A ratio related of an injury per million man-hours worked
DEFF	Department of Environment, Forestry and Fisheries
DMRE	Department of Mineral Resources and Energy
DMPR	Department of Minerals and Petroleum Resources
EBITDA	Earnings before Interest, Tax, Depreciation, Amortisation, impairment and fair value of assets & liabilities
ECS	Extended Continental Shelf
EIA	Environmental Impact Assessment
ECSC	Extended Continental Shelf Claim
EPD	Energy Projects Division
ERF	Enterprise Risk Management
ERM	Enterprise Risk Management
EVP	Employee Value Proposition
EXCO	Executive Committee
FEED	Front-end Engineering & Design
FID	Final Investment Decision
FPSO	Floating Production, Storage & Offloading
GAAP	Generally Accepted Accounting Practice
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GDP	Gross Domestic Product
GiT	Graduate-in-training
GTL	Gas-to-Liquid
GJ	Gigajoule
GNPC	Ghana National Petroleum Corporation
HPO	High Performance Organisation
HR	Human Resources
IAR	Integrated Annual Report
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
·IIRC	International Integrated Reporting Council
IPP	Independent Power Producers
IPPO	Independent Power Producers Office
IR	Integrated Reporting (Framework)
IRP	Integrated Resource Plan
KPIs	Key Performance Indicators
King IV	King IV Report on Corporate Governance
LFT	Long-Fibre thermoplastics
LNG	Liquid Natural Gas
LPG	Liquefied Petroleum Gas
MMbbls	Million Barrels
Mb/d	Million Barrels per day
MOI	Memorandum of Incorporation
MPRDA	Mineral and Petroleum Resource Development Act, 2002
MTEF	Medium Term Expenditure Framework
MW	Mega-watt
NDP	National Development Plan
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NNPC	Nigerian National Petroleum Corporation
NOC	National Oil Company
NMBM	Nelson Mandela Bay Metro
NDP	National Development Plan

Contents & Navigation

NPA	National Ports Authority
NUM	National Union of Mineworkers
NT	NT Energy Corporation Limited
Nymex	New York Mercantile Exchange
OPCSA	Oil Pollution Control South Africa NPC
OKR	Objectives and Key Results
PAMC	Project Appraisal and Monitoring Committee
PAMDC	Pan African Mineral Development Company Proprietary Limited
PASA	South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Limited
PAT	Project Appraisal Team
PDD	Project Design Document
PFMA	Public Finance Management Act (Act No 1 of 1999) as amended
PCE	Portfolio Committee on Energy
PPA	Power Purchase Agreement
PPE	Property, Plant and Equipment
PPEs	Personal Protective Equipment
PV	Photovoltaic
PetroSA	Petroleum Oil and Gas Corporation of South Africa
PetroSA	The Petroleum Oil and Gas Corporation of South Africa SOC Limited
REEP	Renewable Energy and Energy Efficiency Partnership
REIPP	Renewable Energy Independent Power Producer
RENAC	Renewable Energy Academy
ROMPCO	The Republic of Mozambique Pipeline Investments Company
SDA	Swiss Development Agency
SAMSA	South African Maritime Safety Authority
SANEDI	South African National Energy Development Institute
SANERI	South African National Energy Research Institute
SANPC	South African National Petroleum Company
SAPIA	South African Petroleum Industry Association
SARS	South African Revenue Services
SFF	Strategic Fuel Fund Association
SLA	Service Level Agreement
SOC	State Owned Company
SOE	State Owned Enterprise
SWH	Solar Water Heater
Simex	Singapore Monetary Exchange
SOS	SOS Children Village
STEM	Science, Technology, Engineering & Mathematics
STIP	Short-Term Incentive Policy
TMC	Talent Management Committee
ToR	Terms of Reference
TFST	Thin Film Solar Technology
TNPA	Transnet National Ports Authority
UNDP	United Nations Development Programme
Up	Units of Production
USD	United States Dollar
UTT	Upstream Training Trust
VAT	Value Added Tax
VLCC	Very Large Crude Carrier
WACC	Weighted Average Cost of Capital
WCTP	Western Cape Three Points Block
WIL	Work Integrated Learning
YoY	Year-on-Year

CONTENTS & NAVIGATION

ABOUT THIS REPORT

Scope

The CEF Group integrated report provides our Shareholder and Stakeholders with information pertaining to the Group's strategic trajectory, business model, strategic initiatives, operating environment context, material risks and opportunities, as well as governance and operational performance for the period 2023 to 2024. This information is vital in the assessment on how we create value for our Shareholder and strategic partners as a Schedule 2 entity that has a commercial viability and developmental dual mandate.

Reporting Frames

The compilation of the CEF Group Integrated Annual Report was guided by the following codes and standards:

- The King Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa (King IV)
- The International Integrated Reporting Council Framework
- National Treasury guidelines on business performance and planning
- The Public Finance Management Act No.1 of 1999 (PFMA)
- The Companies Act No. 71 of 2008 (as amended)
- Global Reporting Initiative G4 Sustainability Reporting Guidelines, and
- International Financial Reporting Standards (IFRS).

Report Boundary

Our integrated report provides an overview of the business performance for the financial period April 2023 to March 2024 of the CEF Group across the entire value chain as a Schedule 2 State-owned Entity (SoE). It must be noted that Associates and joint ventures are equity accounted and, thus, not included in consolidated non-financial data. The consolidated data incorporates all entities that make up the CEF Group and are controlled by the holding company CEF SOC from a consolidation perspective. The financial and non-financial information provided is aligned to the same financial reporting period allowing for comparison of performance data. Various disclosures are made in their respective sections in the report. The CEF Group consolidated financial statements are prepared in line with the IFRS

Our Approach to Reporting

As the implementing arm of the Department of Mineral and Petroleum Resources (DMPR), the CEF Group on an annual basis contracts with the ultimate Shareholder via an outcomes-based Shareholder's Compact. This process enables for more effective monitoring and evaluation of the Group's performance in delivering on our mandate and strategic objectives. This is in line with the Group's adopted Objectives and Key Results (OKR) mythology that underpins our performance management framework. The Shareholder's Compact specifies key performance areas from a commercial and developmental perspective and how we support the shareholder towards the delivery of broader government strategic initiatives. This approach informs the CEF Group's Corporate Plan and integrated reporting by focusing on achieving our strategic objectives and value add. It provides a pragmatic approach to success by outlining what outcomes we expect to achieve, key inputs, processes and outputs in a focus manner that are aligned to the National Development Plan (NDP).

About This Report

The following definitions are used within this integrated report to embed the commercial and sustainable developmental outcomes as per our Corporate Plan:

Inputs: The various capitals invested in activity, namely human, financial, natural, intellectual, manufactured, and corporate and social capitals.

Activities: The actions which utilise inputs to produce outputs and outcomes, for example financial management, manufacturing activities, supplier development initiatives, research and development activities, training courses and materials recycling.

Outputs: The direct and tangible products from the activity, for example people trained, suppliers developed, goods produced, and tons of waste recycled or avoided.

Outcomes: Changes to a set of beneficiaries resulting from the activity, including skills enhancement, industry growth and efficientoperations, as well as economies preserved and lower costs of waste.

Determining Materiality

This report provides information on all matters that we believe substantively impact value creation activities of the CEF Group. The report is written primarily for the Shareholders and affected stakeholders in Government and energy sector and those that provide the Group with key resources that support the delivery of our strategic objectives. The report enables interested stakeholders and potential strategic partners who wishes to make an informed assessment of the Group's ability to enhance value creation. In the belief that all the information in this report is material, we do not seek to provide a simple listing of material issues. To identify and prioritise the matters for inclusion in this report, we undertook a structured process involving senior decision- makers from across the CEF Group.

Assurance

The CEF Board, with the support of the audit committee and management is ultimately responsible for CEF's system of internal control which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. We subscribe to a combined assurance model, which seeks to enhance the assurance obtained from management and internal and external assurance providers, while promoting a strong ethical climate and mechanisms to ensure compliance. Our assurance matrix is provided in detail as part of this report. All financial information in this report, together with material non-financial indicators, is independently assured by our external auditors, the Auditor-General of South Africa (AGSA).

Board Responsibility

All information and amounts disclosed in the Annual Report is consistent with the annual financial statements audited by the Auditor-General. The Annual Report is complete, accurate and is free from any omissions. The Annual Report has been prepared in accordance with the Guidelines on the Annual Report as issued by National Treasury. The annual financial statements have been prepared in accordance with the standards applicable to the CEF Group. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

About this Report (cont.)

The CEF Board therefore acknowledges its accountability in ensuring the integrity of the integrated report. The directors have collectively assessed the content, and confirm that the report addresses all material issues and fairly represents the integrated performance of the CEF Group. The Board Audit and Risk Committee (BARC), which has oversight responsibility for integrated reporting, recommended the report for approval by the Board.

The Board, considering the completeness of the material items dealt with and the reliability of information presented, and based on the combined assurance process followed, approved the 2023/24 integrated report, annual financial statements and supplementary information on 30 September 2024. In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully,

Ms A Noah
Group Chairperson

Date:

Mr. J Besnaar
Group Risk & Audit Committee

Date:

Statement of Responsibility

This report should be read in conjunction with the detailed annual financial statements presented on pages 128. This report is a summary of our performance in delivering on the CEF Group's primary mandate as agreed with the Shareholder in the Shareholder's Compact. We are committed to playing a major role in growing the energy sector to be a catalyst for economic growth and poverty alleviation through security of supply and access to affordable energy. As a federation we also have a huge responsibility to support Government's initiatives on economic recovery.

The CEF Group Chief Executive Officer (GCEO) and Group Chairperson (GChair) provide assurance that:

The Group consolidated annual financial and non-financial information as well as the full, consolidated annual financial statements fairly present, in all material respects, the Group's financial position, financial performance and cash flows in terms of International Financial Reporting Standards (IFRS). No material facts were omitted, nor were incorrect statements made that would render the annual financial statements false or misleading.

Internal financial controls were implemented to ensure that material information relating to the Group and its consolidated subsidiaries was provided to effectively prepare its financial statements. Although our operating environment is complex and diverse, the internal financial controls are adequate and effective and can be relied upon to compile the annual financial statements.

We have fulfilled our role and function within the combined assurance model pursuant to principle 15 of King IV. Where we are not satisfied, we have disclosed the deficiencies in design and operational effectiveness of the internal financial controls. The Group Internal Audit plays a very critical role in dealing with matters pertaining to fraud across the Group as these are reported to the audit committee and the auditors take the necessary remedial action.

Yours faithfully,

Ms. Ayanda Noah
Group Chairperson

Date: 31 March 2024

Dr. Ishmael Poolo
Group CEO

Date: 31 March 2024

SECTION 1:

The Year In Review

Performance Highlights

This report is a summary of our performance in delivering on the CEF Group's primary mandate as agreed with the Shareholder in the Shareholder's Compact. We are committed to playing a major role in growing the energy sector to be a catalyst for economic growth and poverty alleviation through security of supply and access to affordable energy. As a federation we also have a huge responsibility to support Government's initiatives on economic recovery.

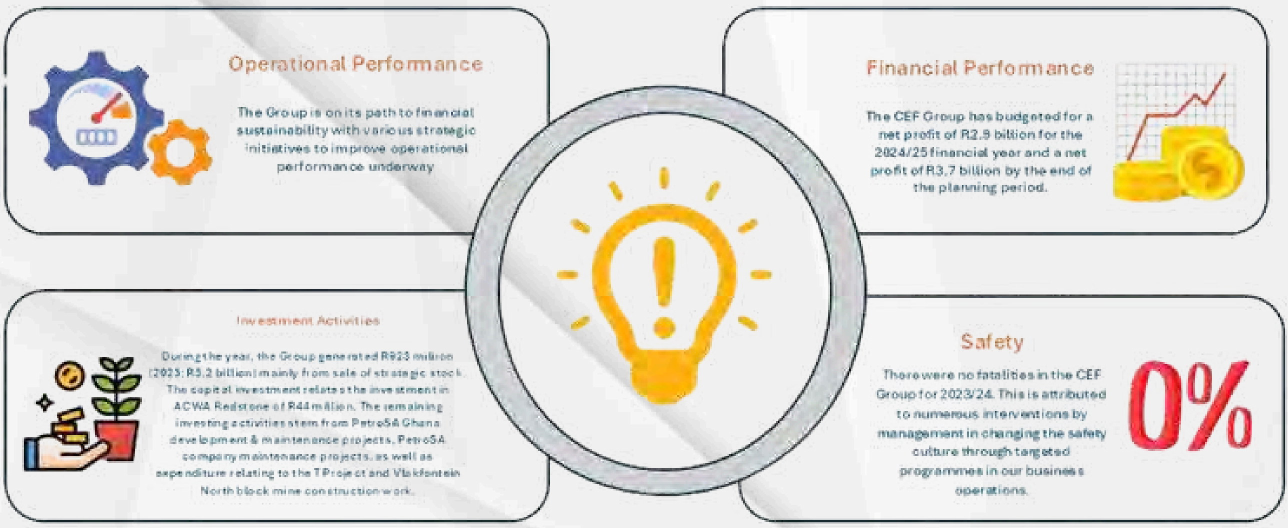
This report reflects the CEF Group's business performance in line with our Corporate Plan and other yearly targets in the pursuit of our primary objective of ensuring security of energy supply within the confines of our strategic themes. As the implementing arm of the DPMR (previously called the DMRE), the CEF Group plays a vital role in supporting the delivery of the broad objectives of government as outlined in the National Development Plan (NDP). The following drivers underpin the CEF's Group delivery value procedure:

Strategic Fit: The degree to which the CEF Group matches its resources and capabilities with the opportunities in our external environment. The matching takes place through strategy and it is therefore vital that the CEF Group has the actual resources and capabilities to execute and support the strategy.

Impact: The impact of our strategic and operational objectives on the programmes of government and in the communities where we operate. This impact is measured in both financial and non-financial terms.

Sustainability: The sustainability of our operations in delivering value year on year and adding significant value to all our stakeholders. This is done by setting clear metrics in our approach to value creation.

Some of the key performance highlights for the reporting period are the following:



Group Chairperson Report

"As Schedule 2 State Owned Entity that operates across the entire energy chain, the CEF Group is required to be commercially viable to facilitate our ability to contribute effectively towards the security of energy supply mandate execution for South Africa through various levers. It is thus that shifts in the global arena that are likely to have significant impact on our strategic trajectory and operational plans are carefully monitored and assessed to ascertain risk or opportunity dimensions. "

AYANDA NOAH

CEF GROUP CHAIR

"Ideas are easy execution is everything"

It is my pleasure to present the CEF Group 2023-2024 Integrated Report Chairperson's message against the backdrop of a tumultuous global economic environment that has had an impact on many industries driven multiple global, regional and domestic forces.

As a result, we are seeing the energy landscape becoming increasingly circular, complex, and volatile. The energy value chains are evolving; consumers have become more influential as new business models have emerged, and the addition of renewable-energy sources has increased demand and price volatility.

Furthermore, pervasive climate change, energy crisis, tenacious elevated global inflation, contagion-driven financial crisis fueled by multiple bank failures in the US and Europe and the escalating geopolitical tensions have had a significant impact on the lives and livelihoods of millions of people and resulted in significant supply chain disruptions.

All these factors combined did under the review period raise the prospect of an economic recession and amplified market volatility affecting energy companies and consumers alike. As Schedule 2 State Owned Entity that operates across the entire energy chain, the CEF Group is required to be commercially viable to facilitate our ability to contribute effectively towards the security of energy supply mandate execution for South Africa through various levers.

It is thus that shifts in the global arena that are likely to have significant impact on our strategic trajectory and operational plans are carefully monitored and assessed to ascertain risk or opportunity dimensions. Some of the noteworthy global and domestic developments that had an impact on our operating environment during the period under review can be encapsulated include:

Hamas and Israel Conflict: On October 7, 2023, after years of tension and episodic conflict in the region, Hamas launched major air and ground assault on Israel. In response, Israel launched a military offensive in Gaza, which has killed more than 30,000 Palestinians creating a humanities crisis.

In solidarity with Palestine Yemen attacked commercial ships in the Red Sea thus disrupting global trade and key supply chain compounding core inputs of global inflation. The continued Russia's and Ukraine conflict: The geopolitical tensions two years since the Russia and Ukraine conflict occurred sent shockwaves far and wide, affecting investment, energy, supply chains and global trade driving LNG import demand and restructuring of Gas Markets with elevated energy prices in various parts across the globe.

Global economy: Against the backdrop of a subdued global economy at the start of the 2023-2024 reporting period, global economic activity continued to show some signs of improvement, amid firming sentiment and solid risk appetite with growth in major economies continuing to diverge with inflation moderating in emerging market and developing economies (EMDEs).

Banking Crisis: The crisis showed how rising interest rates exposed the hidden vulnerabilities in the US financial system. As interest rates increased, banks made losses on their portfolio of government bonds. As a result, banks witnessed unprecedented deposit outflows. The losses and deposit outflows triggered funding and liquidity problems in some banks and led to the collapse of four banks sparking a potential global contagion.

South African Economy: Economic activity in South Africa remained stagnant during the period under review following a contraction of 0.2% in the third quarter. This was against the backdrop of the official unemployment rate increasing to 32.1% signaling a need for economic recovery and the creation of sustainable jobs with government creating an enabling environment.

Global inflation: After a period of sustained high global inflation, global inflation was forecast to reach 5.4% in 2024 and moderate further to 3.6% in 2025. Lower energy prices, slower consumption growth and normalization of manufactured goods prices were likely to contribute to lower inflationary pressures. However, divergence among the countries remains.

Load Shedding: During this report period the country experienced the worst 10 years of load shedding, which battered the economy resulting in industry shutdowns, decline in productivity and unemployment.

However towards the end of the last quarter sustained improvement in the performance of Eskom's power stations, new generation capacity added to the energy system, renewed focus on maintenance and the return to service of several units has drastically reduced load shedding and the impact on the economy.

Downstream: Due to increasing competition from newer and more complex plants in the Middle East and Asia, more than 20% of global oil refining capacity was at risk with gasoline margins expected to decline by the end of this decade as demand declines and sanctions on Russia eases while expected carbon taxes should also start to bite.

Climate Change: The COP 28 UN Climate Change Conference in Dubai, the United Arab Emirates from 30 November to 13 December 2023 made a number of key resolutions for advancing climate change imperatives such as reaching a historic agreement on the operationalization of funding arrangements for addressing loss and damage and parties agreeing on targets for the Global Goal on Adaptation (GGA) and its framework, which identify where the world needs to get to in order to be resilient to the impacts of a changing climate and to assess countries' efforts.

Acquisitions: Engen's largest shareholder, Petronas sold its 74% share in Engen, South Africa's largest fuel-distribution network, to Vivo Energy, a subsidiary of Vitol, one of the world's largest oil traders. The Competition Commission in November 2023 recommended that the Competition Tribunal approve Vitol's Vivo Energy purchase of Engen with conditions, for a five-year capital investments and production commitments.

Overview of CEF Group Performance

Measuring what matters begins with the questions of what is important to the CEF Group to drive mandate delivery within the guardrails of commercial sustainability over the planning period. The CEF Group Corporate Plan is underpinned by our strategic trajectory that has identified the three strategic horizons that the Group will embark on towards the achievement of our Adaptable Strategy.

The 2023/24 reporting period marks the end of our first strategic horizon that being the RESET Horizon which was focused on back to basics, standardizing business processes, strengthening oversight, governance and risk, reconfiguring the Group, performance culture improvements, cost containment, stabilizing of ailing entities and setting a solid foundation for the ability to effectively pivot to the next strategic horizon. This horizon emphasized building the requisite bench strength for future organisation growth.

Core to the RESET Horizon has been the stabilization of PetroSA and AEMFC which has seen a remarkable turnaround of the latter while more efforts are still being channeled towards the complex PetroSA long lead turnaround initiatives that require sufficient time and the requisite funding to realize the desired outcomes. To further strengthen oversight and reporting, the Group embarked on a process of business reporting automation and regular performance dialogues where key business-related discussions are held to address any performance gaps and sharing best practices for improved results. These engagements are also an opportunity to harness cross-cutting Group synergies to drive a culture of superior business performance results and are designed to be solution oriented.

During this period, we have also made significant progress towards the key Merger Project milestones towards the establishment of the South African National Petroleum Company through the merger of IGas, PetroSA and SFF in line with the Board approved road map that identifies key project phases and related key deliverables.

Lastly, commercial sustainability is our license to operate and as such a lot of effort has gone into laying a fertile ground to drive the CEF Group Growth Agenda and the creation of a solid project pipeline with a myriad of incredible opportunities across the entire energy value chain.

As an organisation that has set a standard of becoming a High-Performance Organisation, the CEF Group Corporate Plan helps us to focus on a set of priority strategic initiatives that can make a real difference. As the CEF Board working with the Management Team, we commit to these strategic choices in word and in execution. By standing firmly behind a few critical top line CEF Group Objectives and Key Results the board is able to give Management a compass and a baseline for assessment.

Our Corporate Plan and score card define what our main priorities will be for the planning period and where efforts and resources should be focused to drive mandate delivery. This is the heart of the CEF Group effective goal setting system which starts with disciplined thinking at the top with leaders investing time and energy to choose what is really important as part of our strategic trajectory. The CEF Group Corporate Plan is underpinned by the following key Strategic Objectives:

Commercial Sustainability: The achievement of superior financial results and value preservation.

Consolidation & Turnaround: Leveraging of Group resources to drive an integrated optimisation.

Operational Excellence: Sustained continuous improvement across the entire value chain.

Short-term & Long-term Growth: Commercially biased strategy for short- and long-term value creation.

Human Performance & Organisational Alignment: The creation of a high-performance organisation built on an exponential mind set.

Corporate Governance & Enterprise Risk Management: Strengthening of sound governance processes to support growth.

Transformation & Reputation Management: Driving the transformation agenda in support of our dual mandate.

It is thus that for the period under review the CEF Group achieved an aggregate performance score of 3.10 out of 5.00 in delivering against our predetermined objectives on our Score-Card. This score is slightly lower than the previous year, reflecting the difficult trading conditions and missed volume targets by PetroSA with initiatives underway for addressing this performance through the PetroSA War-Room.

The Group generated a net loss of R522 million which is lower than the budgeted net profit of R2.4 billion with the Group return currently below the cost of capital of 14% at -1.4% whilst our total debt to total equity ratio is 67% (total debt): 33% (total equity). The CEF Group remains solvent and liquid with Group with Assets of R36.9 Billion with 41% of it in cash, 31% in operating assets largely oil & gas and 12% invested in associate companies with the bulk invested in the gas infrastructure/coal.

Key Highlights & Lowlights for the Period under Review

Stabilization of PetroSA: Work continued with stabilisation of PetroSA through the established War-Room. Part of the key initiatives was to bring about a state of permanency in the leadership role to drive the organisational turnaround and as such, the appointed processes for permanent PetroSA CEO was started in the period under review with Mr Xolile Sizani being appointed as the new PetroSA CEO.

1.Merger Project: Great progress towards the establishment of the SANCP through the merger of IGas, PetroSA and SFF that saw Mr Moagi being appointed the SANPC CEO as well as the appointment of a new SANPC Board to drive the operationalisation of the entity in line with the Board Approved Roadmap. The Department of Mineral Resources and Energy also published the Draft South African National Petroleum Company (SANPC) Bill for comment.

2.SAPREF Acquisition: During the period under review, the CEF Group has been pursuing the strategic acquisition of the Sapref Refinery in Durban which was only progressed in July 2024. The Central Energy Fund's acquisition of the Sapref fuel refinery is a transformative development in South Africa's energy sector. This move not only secures a key asset but also positions the country to better manage its fuel supply, support economic growth, and advance environmental objectives.

3.Group Growth Agenda: The CEF Group continued to drive the Group Growth Agenda through the formation of various strategic partnerships and targeting of key opportunities for sustaining future growth and revenues.

4.Top Employer Certification: The CEF Group has been certified as the Top Employer for 2024 recognizing excellence in employee conditions globally in 121 countries with 2303 certified organizations that employ over 9 million employees. The certification resonates with our focused ambition of being a High-Performance Group of Companies in line with Human Capital Strategy.

5.Director Sondlo: Sadly the CEF Group lost Ms Sondlo who was the CEO of Sondlo Chartered Accountants Inc, and served as a Board Member of CEF, PetroSA, Republic of Mozambique Pipeline Investments Company and Chairperson of IGAS. As a committed and patriotic board member, Ms Sondlo played a critical role in supporting various CEF Group initiatives.

6.Media Enquiries: During the period under review the CEF Group dealt with a number of media enquiries ranging from myriad topics but in the main around purported lapses in control at PetroSA.

The Board takes any allegation of wrongdoing very seriously and as such, various audits and enquiries continue to take place to address any potential risks.

Governance & Oversight

"Ideas are easy execution is everything"

As a result of the rapid changes and dynamics in our operating environment that bring about complexities, many companies that operate in the energy sector are faced with considerable uncertainty. Those that can identify opportunities and act quickly can profitably grow their business in the years to come and increase their lead over peers, whilst those that fail to make the right strategic decisions could face stagnation and financial ruin.

With the state of global flux, the need has never been more critical for boards of directors to evaluate and respond effectively to strategic risks and opportunities as well as changes in the operating environment. Boards must understand their own oversight competency, quantifying unknown risks while also responding tactically and empathetically when risks offer growth windows. Some risk scenarios could open up new markets and business services while others might lead to fundamental corporate reinvention.

It is thus that in June and July 2023 as part of its strategy review, the CEF Board took account of the changes, threats, risks and opportunities so as to provide strategic guidance to management on various strategic responses.

It was at these that the CEF Group strategic trajectory as reaffirmed with the Board approving that the Group can pivot to the next strategic Horizon of Scaling Up For Growth under theme of "Success by Design". This signaled the CEF Group's strategic intent to chart a clear path and refine the desired commercially viable future state. This horizon is where the rubber hits the road with a biased approach towards growth to drive revenue and portfolio diversification through acquisitions and strategic partnerships.

This is about shifting the CEF Group mindset from surviving to thriving requiring CEF to play defense and structure a successful growth portfolio approach across the energy value chain before playing offense taking into account key drivers.

AThis phase requires a different set of skills and operating model to the RESET Phase and is underpinned by organisational agility, innovation, automation, collaboration and growth attitude. This means understanding the larger trends by collecting the right data and then using the results to inform decision making to support the Group Growth Agenda.

Global corporate events in the last decade have made it clear that boards can fail. Failure has come in various forms; failure to manage emerging risks, to proactively drive company strategy, poor business performance, inability to have the 'right' executive team, and in some cases, to deal with integrity issues and possibly outright fraud.

It is also clear that effective and better governance is required at all levels. It is for this reason that that as part of the Holding Company's (CEF SOC) Parenting Strategy and oversight role, the CEF Board continues to drive a number of group wide initiatives to bolster governance working very closely with subsidiary boards and management.

Regular Chairperson's forums are held including the crafting of strategies and plans with the subsidiary boards. It is this collaboration that has made the CEF Group unique.

Outlook

Times are turbulent with constant volatility and all industries are being affected. Companies that operate the energy sector face a number of disruptions from both macroeconomic and energy-specific shocks, including volatility in commodity prices, increased pressure to reduce carbon emissions, global economic outlook, geopolitical tensions and supply chain disruptions.

In fact, the majority of current energy and commodity prices are significantly higher and much more volatile than they were before the COVID-19 pandemic.

It is thus that as part of environmental scan, we will continue to keep a watching brief on the following key developments that are likely to have an impact on the energy sector:

- Increasing geopolitical uncertainty
- Emergence of new technologies
- Macroeconomic environment
- Policy and regulatory developments
- Global election super cycle and changes in policy
- Energy Transition
- Global energy trade

The Group Adaptive Strategy is very articulate on the core strategic objectives and the attainment of the desired end state. To give effect to measured and pragmatic execution of our strategic initiatives the Group strategy is further broken down into 3 strategic horizons with defined desired performance results, position, proposition and critical enablers for driving execution.

It is thus that the core of the next strategic horizon of Scaling up for Growth is a focus on strategic partnerships, portfolio and revenue diversification as part of the broader Group Growth Agenda.

Key Priority Focus areas:

Merger Project Execution: The execution of the merger project will bring about key long-term commercial benefits and realize R1.5 billion worth of synergy optimization whilst enabling us to capture market opportunities worth more than R96 billion. The focus will now shift towards key S197 related process for transferring people to the new organisation and the transfer of assets through the lease and assign modality followed by a massive post-merger optimization program.

Group Growth Agenda: In line with the scaling up for Growth, key focus will be improving acquisition conversation rates and building Group Commercial sustainability in line with our diversification strategy of revenues and portfolio.

GTL Refinery Reinstatement & PetroSA Turnaround: The reinstatement of the GTL refinery is critical to the turnaround of PetroSA and the merger project on the back of key technical and operational challenges.

Acknowledgements

In many industries, there are only a few types of business models. The lack of business model diversity leaves the industry and the businesses in it vulnerable to technological and environmental shocks. As the CEF Group we are fortunate to be one of the few entities that operates across the entire value chain with a number of different business and service models and complementary mandates.

This uniqueness also brings about its own complexities and most of the feats that we are able to achieve as the CEF Group would not be possible if it were not for the incredible men and women who wear their hearts on their sleeves and are committed to making the CEF Group a High Performance Organisation and as such I would like to acknowledge the following:

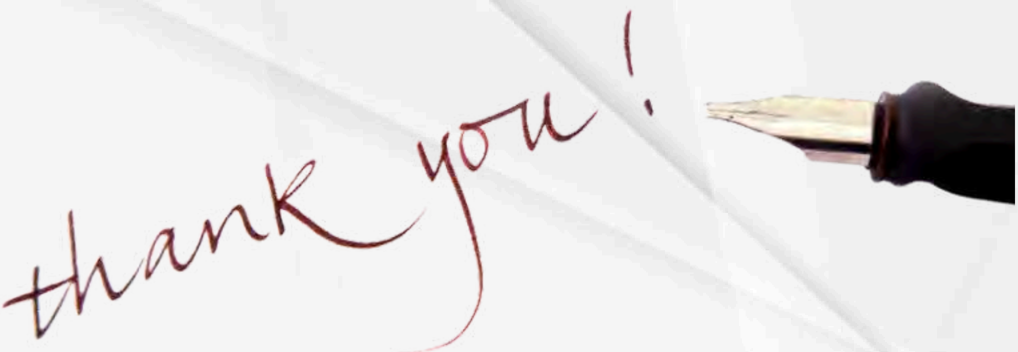
Group Chairperson Report (cont.)

- The Honourable Minister of Mineral Resources and Energy who has supported the delivery of many CEF Group initiatives providing guidance and direction. Thank you, Minister, for charting the way forward and being the voice that says change is important but it has to happen at the pace and scale that is beneficial for the country.
- To the CEF Board for Championing the Group Adaptive Strategy and challenging the management team to go above and beyond in making the CEF Group a strong and viable entity for the benefit of all South Africans.
- To the Chairperson's and Boards of subsidiary entities for your unwavering support and always willing to provide pragmatic solutions to a number of our strategic challenges. You are true patriots.
- To the Group CEO and the CEF SOC executive team for supporting in executing the Parenting Strategy and ensuring that we follow through on all key decisions.
- To the Subsidiary CEO's and Management teams, for dealing with a number of challenges at the subsidiaries and steering the entities to align with the Group strategy.
- To all the employees of the CEF who give of their time and effort to diligently drive the organisational performance at all levels, your contribution does not go unnoticed.
- To our strategic partners, customers and suppliers, thank you for being part of the Team CEF. We would not be able execute a number of initiatives without your support.

As we forge ahead with the delivery of our Group Strategy and Corporate Plan, and make a strategic choice to pivot to the Scaling Up for Growth Horizon, the words of JK Rowling ring out very loudly that "It is our choices that show what we truly are, far more that our abilities."

Warm Regards,

Ms. Ayanda Noah
Group Chairperson



Group CEO Report

"While the financial outcomes for the year were not in line with expectations, we have laid a solid foundation for recovery. With continued focus on our core strategies, I am confident that the CEF Group will return to profitability and sustained growth in the near future."

DR. ISHMAEL POOLO

CEF GROUP CEO

It is with a mix of caution and optimism that I present the CEF Group annual report for the 2023-2024 financial year. The year was characterized by both significant financial challenges and strategic progress in stabilizing operations. Although the Group's overall financial position reflects some setbacks, there are clear signs of recovery and potential for future growth.

Financial Performance

For the fiscal year 2023-24, the CEF Group posted a net loss of R522.153 million, a reversal from the R1.769 billion profit achieved in the prior year. This substantial decline was driven by a combination of external market pressures, internal operational inefficiencies, and increased costs.

Our EBITDA also decreased dramatically, from R2.378 billion in 2023 to a negative R200.252 million in 2024, reflecting the challenges in maintaining our profit margins and operational efficiency. Despite the overall loss, revenue increased slightly to R29.778 billion, up from R28.375 billion in 2023. This uptick in revenue highlights the resilience of our core operations and indicates growth potential despite broader difficulties.

Cash Flow Performance

One of the more positive developments was the turnaround in cash flows from operating activities, where we recorded R1.006 billion in net cash generated, a stark improvement from the R1.256 billion cash outflow in 2023. This was largely due to increased interest income and dividend receipts, as well as a reduction in operational costs.

Our cash flows from investing activities improved substantially, generating R923.512 million, primarily from the sale of strategic stock. In the prior year, investing activities saw an outflow of R3.210 billion, marking a significant positive shift. On the financing side, we saw a net cash outflow of R364.129 million, compared to a large inflow of R2.687 billion in the previous year, due to repayments of financial liabilities and lease obligations. By the end of the fiscal year, the Group's cash position had strengthened, with cash and cash equivalents increasing to R15.025 billion, compared to R13.190 billion at the beginning of the year.

Operational Highlights

Consolidation & Turnaround: Excellent results were obtained for the Shared Services rollout, and the objectives for SANPC formation were achieved. On the other hand, both PetroSA, and AEMFC did not meet their profit margin targets. AEMFC have actually turned around, but PetroSA has slid further into the decline.

Merger Project: The execution of the merger transition activities as per the board approved roadmap are in progress. The appointment of the SANPC and Legacy Board governance structures as well as the SANPC Transitional CEO and finalisation of all Transitional Services Agreements (TSAs) were key milestones achieved during this period.

This enabled commencement of the process to appoint the Transitional Executive Team who would be responsible for the entity's day to day operations.

Fair value assessment of assets & contracts and the financial modelling which will pave the way for the negotiation process between the SANPC and merging entities' management teams are being finalized. Preparation for consultation engagements with labour representatives has progressed well.

Commercial Sustainability: This strategic theme registered very poor performance overall due to PetroSA missing its finished product sales target. As a result, the targets for Group net profit, blended returns, and debt-to-equity ratio were all missed.

The PetroSA Board and Management are working to address this matter. The impressive performance by AEMFC has led to the annual target of sales to Eskom being exceeded by 38%. AEMFC continues to make significant progress in its pursuit of a sustainable growth pathway, which is in line with its strategic objectives.

Strategic and Operational Outlook

The challenges faced in the 2023-2024 financial year underscore the need for continued focus on financial recovery, operational efficiency, and strategic investments. In the coming year, we will:

- Focus on profit improvement initiatives across all subsidiaries.
- Drive cost management measures to ensure better EBITDA performance.
- Continue leveraging our balance sheet and investments to strengthen our financial position.
- Explore partnerships for the reinstatement of the PetroSA GTL Refinery, increasing indigenous refining capacity (through the re- development of a refinery at the Durban port and playing a central role in the development of the local gas economy.

While the financial outcomes for the year were not in line with expectations, we have laid a solid foundation for recovery.

With continued focus on our core strategies, I am confident that the CEF Group will return to profitability and sustained growth in the near future.

Acknowledgements

In closing, I would like to that thank the Group Chairperson Ms Ayanda Noah, the entire CEF Board for their steadfast support to myself and the Group executive teams as we navigate through various complex matters and ensure that the CEF Group continues to execute on its mandate to create value for the Shareholder.

By extension, I would also like to acknowledge the various subsidiary CEOs who have played a significant role and helping us to achieve the noble objectives of the Group. The socioeconomic and energy challenges that the country is facing requires the CEF Group to pull together to be able to deliver on its mandate. For this to happen we must be relentless with our execution. True success is all about working towards meaningful goals and execution makes all the difference.

In conclusion, I would like to extend my gratitude to all the employees, partners, and stakeholders for their unwavering support and commitment. Your contributions have been invaluable to our success. Thank you for your continued trust and support.

Warm Regards,

Dr. Ishmael Poolo
Group CEO

SECTION 2:

About The CEF Group

ABOUT CEF GROUP

CEF SOC Ltd ("CEF"), is a state-owned company mandated by the Central Energy Fund Act No 38 of 1977 (The CEF Act) and is the holding company of subsidiaries through which it conducts its business and together constitute the CEF Group of companies. The CEF Act mandates the company to support security of energy supply throughout the value chain comprising exploration, production and supply of coal, gas, liquid fuels, and other primary energy sources. Informed, by the CEF Act (No 38 of 1977), and its amendments, the PFMA Act (No 1 of 1999, especially s52), applicable NT Guidelines, and the CE procedure for corporate planning and business performance management, CEF SOC led the Group to review their strategies during the planning cycle from July 2021 to February 2022. This coordinated approach sought to highlight and leverage Group synergies, promote overall internal awareness, synthesize a robust Group effort for commercial sustainability, for delivery of the developmental mandate and a more value-added relationship with the shareholder (DMRE).

As the holding company, CEF SOC assumes the role of a strategic controller, providing leadership, oversight, and monitoring of governance and business performance for its subsidiaries. CEF SOC plays a crucial role in setting the Group's strategic direction and promoting integration among its entities. While respecting the distinct mandates of each subsidiary, CEF SOC ensures alignment of processes and systems to capitalise on synergies throughout the organization, which includes facilitating and supporting the merger to form the SANPC. CEF SOC houses the Energy Projects Division (EPD) and manages the Equalisation Fund (EQF) on behalf of the Department of Mineral and Petroleum Resources (DMPR) previously DMRE. The EQF is instrumental in regulating price changes for liquid fuels, contributing to the stability and efficiency of the energy market. The structure of the CEF Group of which CEF SOC is the holding company is shown below. This structure is expected to change in the near future advent of the South African National Petroleum Company (SANPC).

Our Mandate

The Mandate of CEF is to contribute to the security of energy supply of South Africa and the Region through exploration, acquisition, development, marketing and strategic partnership. It is derived from the CEF Act (No 38 of 1977) and the Ministerial directives issued thereafter.

Our Role

- Contribute to security of energy supply: Provide affordable, accessible, diverse use of primary energy resources
- Be a strategic partner to the DMPR: Provide insights in support of policy development and regulation and implementation of key projects.
- Be a financially sustainable company: Commercially strong SOE that can be relied upon to support the implementation of policies and programmes of the Department.
- Reduce the country's overdependence on multinationals: Operate across the entire energy value chain & minimise market failures.
- Align with government's broad objectives (NDP): Act as a vehicle for economic growth, poverty alleviation and economic transformation.
- Provide thought leadership in energy policy development and other energy initiatives; and
- Contribute to security of energy supply (in liquid fuels and gas) and support the deployment of new energy technologies in the country.

This will be done through the acquisition, exploitation and manufacture of appropriate energy solutions [from coal, oil, gas and renewable energy resources] to meet the future energy needs of South Africa, the SADC and the sub-Saharan African regions.

About CEF Group

Our Vision

The Vision of the CEF Group of Companies, through the holding company CEF SOC Ltd and supported by its subsidiaries, is to secure reliable and affordable diversified energy security solutions for the South African economy by 2030.

Our Mission

The Mission of the CEF Group of Companies, through the holding company CEF SOC Ltd and supported by its subsidiaries, is to provide and enable sustainable energy security solutions for South Africa in order to contribute to economic development and alleviate poverty in an environmentally responsible manner.

Our Values

Our core Values are the guiding principles that provide the organisation with purpose and direction. They help the Group manage its interactions with the Shareholder and a variety of key stakeholders. They help to differentiate CEF from other industry players, guide the leadership teams and employees in their decision-making whilst boosting our chances of achieving our desired end state of becoming a High Performance Organisation. They define how we want the world to see us.

The Acronym for the CEF Group core values are **'BRICS'**:

BATHO PELE
We are committed to work together to put people first in ensuring a zero harm, commercially viable business that adds value to the people of South Africa.

RESPECT
We are committed to hold all our stakeholders in high esteem and treat them with honour and understanding.

INTEGRITY
We are committed to do the right things the right way even if no one is looking, inculcating transparency in the conduct of business, communications in the application of skills, and mobilisation of organisational resources.

CONTINOUS IMPROVEMENT
We are committed to ensure operational excellence, innovation, agility and quality in our opportunity selection, decision-making and service and product delivery.

STEWARDSHIP
We are committed to lead in a responsible manner that ensures caring through professionalism, accountability and custodianship that improves value over time

Group Structure

CEF (SOC) Ltd is the holding company for a number of subsidiaries, which, make up the CEF Group of companies:

Diagram of Group Structure

These subsidiaries operate across the entire energy sector value chain with commercial, regulatory and developmental roles, and supports delivery on the CEF mandate by taking on a number of wide-ranging strategic initiatives. The energy sector supports major industries and plays an influential role in the local and global economy as the world's primary fuel sources.

he processes and systems involved in producing and transporting energy sources are highly complex, capital-intensive, and require systems thinking approach. The primary role of our entities is to create value for the Shareholder, drive the advancement of national objectives in the oil and gas industry, and contribute to energy security of supply whilst supporting Government's overall strategic intent in line with the NDP.

Our Value Chain

The subsidiaries of CEF SOC operate in various sectors of the energy value chain as, outlined below. Each of these subsidiaries operate with a dual mandate of commercial and developmental objectives. The subsidiaries of CEF SOC operate in various sectors of the energy value chain as, outlined below. Each of these subsidiaries operate with a dual mandate of commercial and developmental objectives.

About CEF Group (cont.)

Subsidiary	Business Focus	2024/2025 to 2028/2029 Value Statement
CEF	Holding Company providing strategic direction, monitoring and evaluation, Group oversight and development of new sustainable entities in support of security of energy supply.	To lead the development, financing and management of diverse energy solutions for security of energy supply on behalf of the RSA Government. To oversee subsidiaries and spearhead delivery of mandate.
Energy Projects Division (EPD)	Clean and Renewable Energy. The Energy Projects Division aims to become a catalyst for the commercialisation of (new) energy technologies including being a pioneer for energy market development within South Africa. This includes industrialisation, market research for identified technologies and investments in commercially viable renewable energy projects.	
	Responsible for securing South Africa's energy supply primarily through the mining and supply of coal for the generation of electricity, as well as securing other resources that will provide energy for the future, including key minerals for beneficiation in the energy and steel value chain.	To ensure that South Africa's energy-producing and beneficial mineral resources are secured to allow economic and social benefits for RSA and its citizens. To drive the transformation of the South African mining industry, utilising the guidelines from the EE, BBBEEE and PPPFA Acts, including the Mining Charter.
PETROLEUM AGENCY SA	The promotion for and regulation of the upstream petroleum industry in South Africa both onshore and offshore	Regulate the exploration for hydrocarbons in a manner that promotes the industry and national economic objectives.
CEF Carbon	CEF Carbon is a special purpose vehicle for CEF's equity in the 100 MW CSP ACWA Redstone Project. The baseload solar power plant in the Northern Cape is under construction.	Towards realisation of the CEF SOC mandate of operating in the renewable energy sector and contributing to the security of energy supply
ETA Energy	ETA Energy is for implementing the solar water heater (SWH) programmes of CEF SOC.	Delivery of the developmental mandate of the CEF Group
sanpc POWERING YOUR TOMORROW	The merger of three 100% CEF owned subsidiaries namely, the South African Gas Development Company (iGas), the Strategic Fuel Fund (SFF) and the Petroleum Oil and Gas Corporation of South Africa (PetroSA)	The company's objective is to be the government's "energy champion" and facilitator of energy infrastructure across the value chain. Process of obtaining S51/54 approvals
iGas	Responsible for developing the gas infrastructure for South Africa and developing the gas market in the country.	To support the growth of the South African economy through active investments in South Africa for the provision of gas molecules and gas infrastructure.
PetroSA	PetroSA (The Petroleum, Oil and Gas Corporation of South Africa SOC Ltd) is the national oil company (NOC) of South Africa. Its main activities are exploration and extraction of natural gas and oil from offshore fields in South Africa; the production of synthetic fuels from gas through a gas to liquids (GTL) refinery.	To commercially develop, beneficiate, and supply hydrocarbons in order to contribute to security of energy supply.
SFF	The Strategic Fuel Fund (SFF) is responsible for acquiring and maintaining strategic fuel stocks and provide the country with security of supply of hydrocarbons and related infrastructure in case of emergency.	To provide the country with security of supply of hydrocarbons and related infrastructure in case of emergency.

Subsidiary business focus overview

About CEF Group (cont.)

Historical Evolution of CEF Group

1950's

- Political situation leads the SA Govt to invest in crude oil
- Investment in Sasol 1
- Moref (1954) - Sapref (1956) built in Durban

1960's

- Levies on liquid fuels managed by SEF/SFF
- Investment in Island View & Milnerton facilities
- Caltref built in Milnerton (1960)
- Investment in turning Ogies coal mine into crude oil containers
- Soeker embarked on drilling programme

1970's

- Petroleum Products Act & CEF Act
- Natref built using Iranian resources in Sasolburg (1974)
- CEF used as a vehicle to invest in Sasol III following the 1974 & 1979 oil crises
- Gas found offshore
- Continue filling Ogies
- Construction of Saldanha facility

2000's

- iGas takes up to 25% share in Rompco
- High level business strategy starts move from oil & gas renewable through EDC (EPD)
- Proliferation of small subsidiaries (CEF Carbon , CCE, CCE, ETA, SASDA etc.)
- Liquid Fuels Master Plan guides PetroSA strategic thinking
- AEMFC created

1990's

- Mossgas commissioned
- Sasol loan repaid
- Start of sell-off of Ogies oil
- Publication of Whiter Paper on Energy Policy
- Decision to create PASA & PetroSA from Mossgas & Soekor
- Sasol decides to build Mozambique Pipeline
- Decision to create iGas

1980's

- Decision to build Mossgas GTL
- Island View terminal sold
- Some tanks at Milnerton (refinery side) sold to Caltex

2010 to 2020

- CEF participates in the REIPP Procurement Programme (land to gas project)
- Capacity of Gas Pipeline from Mozambique to South Africa increased
- AEMFC opens Vlakfontein mine
- PetroSA embarks on a drilling campaign
- PASA lodges a continental shelve claim
- CEF vision 2025 approved
- CEF Solar Park Project Concept approved by Cabinet
- CEF Group rationalisation project initialised

Historical Evolution of CEF Group

Global Footprint and Operations

The CEF Group of Companies have a number of key strategic partnerships and operations across the globe that span across the energy value chain as directed by the CEF mandate and our portfolio diversification approach. The Group has operations in South Africa, Ghana, Mozambique, the Netherlands and South Sudan. CEF also has a number of key Government-to-Government strategic relationships with a number of oil-producing countries' statute entities to support South Africa's security of energy supply objectives.

South African Operations

Mining, Offshore Production, Refining, Renewables Investment, Crude Oil Storage, Hydrocarbons, Energy Developmental Programmes and Research

Ghana Operations

Stake in Jubilee Oilfield that produces 90 000 Barrel Oil per day, Through PetroSA, the Group will be exercising the pre-emptive rights to increase their stakes in the Jubilee and Twenboa-Enyenra-Ntomme (TEN) fields

Mozambique Operations

Rompco - a joint venture company between iGas (40%), CMG (40%) & Sasol (20%) that owns and operates an 865km high pressure transmission gas pipeline which extends from Mozambique South Africa.

South-Sudan Operations

Joint project to develop petroleum infrastructure in South Sudan for the benefit of both countries and the continent in support of the Agenda 2063 of an energy independent Africa.

Our Legislative Environment

As a diverse Group of companies operating a complex environment, we are guided by a number of key legislative frameworks that drive the organisational strategic thrust and define the parameters for its operational effectiveness in supporting government's broader objectives. The list is not exhaustive but articulates and guides our strategic planning processes.

Legislation	Energy Sector Planning
Central Energy Fund Act No. 38 of 1977 (as amended)	National Development Plan (NDP2030) Integrated
Public Finance Management Act No.1 of 1999	Resource Plan (IRP) 2019 Biofuels Regulatory
Preferential Procurement Policy Framework Act No. 5 of 2000	Framework Energy Security Master Plan, 2007 Draft
Companies Act No. 71 of 2008	Integrated Energy Plan Draft Liquid Fuels Master
Protection of Personal Information Act, 2013	Plan Draft Gas Master Plan Draft Petroleum
Broad-Based Black Economic Empowerment Act No. 53 of 2003	Strategic Stocks Policy Draft Upstream Petroleum
National Energy Act 34 of 2008	Resources Development Bill
Mineral and Petroleum Resources Development Act, 2002	
King Code of Conduct for Corporate Governance	
Hazardous Substances Act 15 of 1973	
Basic Conditions of Employment Act, 1997	
National Energy Regulator Act 40 of 2004	
Income Tax 58 of 1962	
Prevention and Combating of Corrupt Activities Act No. 12 of 2004	
Petroleum Pipelines Levies Act No.28 of 2004	
Occupational Health and Safety Act No. 85 of 1993	
Promotion of Access to Information Act 2 of 2002	

Group Governance & Leadership Team

BOARD OF DIRECTORS

MS. AYANDA NOAH - GROUP CHAIRPERSON

Appointment Date: 2020, Renewed in 2023

Expertise: Strategic Leadership, Project Management, Sustainability Dev, Inter-governmental Relations

Academic Qualifications: Accredited PR Eng with ECSA, MBA, Executive Development Prog, Advanced Management Prog, BSc (Electrical Engineering), Member of SAIEE and IoDSA

External Role: Founder & MD of AN Duke Solutions Engineering consultancy

DR. ISHMAEL POOLO - GROUP CEO & EXECUTIVE DIRECTOR

Appointment Date: 2020

Expertise: Strategic Leadership, Innovation, Technology, Project Management, Energy Transition

Academic Qualifications: Accredited PR Eng with ECSA, MSc, BTech (Mechanical Engineering), NDip (Mechanical Engineering), Artisan & Fitter

MS. DITSIETSI MORABE - GROUP CFO & EXECUTIVE DIRECTOR

Appointment Date: 2022

Expertise: Supply Chain Management, Policy Analysis, Finance, Risk & Audit, Performance Assessment

Academic Qualifications: MCom, BCom (Hons) in Economics & Public Finance, BCom (Economics & Business Economics), Executive Development Programme

The role of the CEF Board during is to guide the Group to reinvent itself, quickly adapt, capitalise and thrive on innovative pursuits as a priority for long-term commercial sustainability. This is the current Board that keeps the Group moving forward.

BOARD OF DIRECTORS

MS. UNATI FIGLAN - NON EXECUTIVE DIRECTOR

Appointment Date: 2022

Expertise: Engineering Management, Infrastructure Project Management, Power Utility, Railway & Executive Leadership, Enterprise Risk Management

Academic Qualifications: Accredited PR Eng, Certified Engineer for factories (GCC), Management Advancement Prog and BSc (Electrical Engineering)

External Role: Founder and MD of Hlonela Engineering Solutions, Member of a farming and Educational operations called Punqa Pty Ltd & X-squared Pty Ltd

MR. JIM BESNAAR - NON EXECUTIVE DIRECTOR

Appointment Date: 2022

Expertise: Financial Management, Risk & Audit, Infrastructure Delivery, Project Finance

Academic Qualifications: Chartered Accountant, Postgraduate Diploma in Accounting

External Role: CEO for Makomota Investment Holdings (Pty) Ltd & shareholder at Circle Way Trading, Bricksnet, Yard Plant Rentals (Pty) Ltd, Dragon Loo (Pty) Ltd

MS. GOSETSEONE LEKETI - NON EXECUTIVE DIRECTOR

Appointment Date: 2016

Expertise: Inter-government Relations, Project Management, Health & Safety Management

Academic Qualifications: BCom (Hons) Statistics, BCom

External Role: Chief Director: Petroleum Products at the DMPR (previously DMRE)

The role of the CEF Board during is to guide the Group to reinvent itself, quickly adapt, capitalise and thrive on innovative pursuits as a priority for long-term commercial sustainability. This is the current Board that keeps the Group moving forward.

GROUP SUBSIDIARY CEOs

DR. ISHMAEL POOLO - CEF GROUP CEO DIRECTOR

Appointment Date: 2020

Expertise: Strategic Leadership, Innovation, Technology, Project Management, Energy Transition

Academic Qualifications: Accredited PR Eng with ECSA, MSc, BTech (Mechanical Engineering), NDip (Mechanical Engineering), Artisan & Fitter

MR. XOLILE SIZANI - PETROSA CEO

Appointment Date: 2024

Expertise: Strategic Leadership, Business to Business, Organisational Leadership, Contract Negotiation

Academic Qualifications: Executive Leadership Development, Masters in Business Leadership & Strategy, MSc (Mechanical Engineering), BSc (Mechanical Engineering), Accredited PR Eng with ECSA

MR. LEMOGANG PITSOE - AEMFC CEO

Appointment Date: 2022

Expertise: Mining, Investment, Exploration, Financial Management, Business Development

Academic Qualifications: MBL from UNISA, BSc. (Mining Engineering) from Wits, Diploma in Investment Management from RAU

While the Board is responsible for playing a guidance role on various growth, governance and sustainability matters, the Group CEO's primary responsibility is to manage the consolidated Group's strategic outlook and performance delivery by working closely with individual subsidiary executive leadership teams. The respective subsidiary CEO's are also responsible for providing strategic and operational leadership to their entities that must align at a Group level.

GROUP SUBSIDIARY CEOs

MR. GODFREY MOAGI - SANPC INTERIM CEO

Appointment Date: 2024

Expertise: Strategic Leadership, Supply & Trading, Value Chain Management, Governance and Compliance Management

Academic Qualifications: Executive Programmes from Wits & Havard, BCom (Hons), BCom degree

DR. TSHEPO MOKOKA - PETROLEUM AGENCY INTERIM CEO

Appointment Date: 2023

Expertise: Macro Economics, Financial Modelling, Analytical Thinking, Strategic Entity Oversight, Stewardship of complex Policy & Operational Processes, Published Author of peer-reviewed journals

Academic Qualifications: PhD (Economics), MCom (Economics), Honours in Bachelor of Economic Science, BSc.

MR. PETROS FUSI - STRATEGIC FUEL FUND INTERIM CEO

Appointment Date: 2024

Expertise: Gas Infrastructure, Policy Formulation, International Strategy Development, Sustainability Development

Academic Qualifications: MBA (Financing Infrastructure in a Market Economy) from Harvard, Executive Programme from Harvard, BSc in Chemical Engineering

While the Board is responsible for playing a guidance role on various growth, governance and sustainability matters, the Group CEO's primary responsibility is to manage the consolidated Group's strategic outlook and performance delivery by working closely with individual subsidiary executive leadership teams. The respective subsidiary CEO's are also responsible for providing strategic and operational leadership to their entities that must align at a Group level.

CEF SOC EXECUTIVE TEAM

MS. DITSIETSI MORABE - CEF GROUP CFO

Appointed to Group Exco: 2020

Expertise: Supply Chain Management, Policy Analysis, Finance, Risk & Audit, Performance Assessment

Academic Qualifications: MCom, BCom (Hons) in Economics & Public Finance, BCom (Economics & Business Economics), Executive Development Programme, Management Development Programme

DR. TSHEPO MOKOKA - CEF GROUP COO

Appointment Date: 2020

Expertise: Macro Economics, Financial Modelling, Analytical Thinking, Strategic Entity Oversight, Stewardship of complex Policy & Operational Processes, Published Author of peer-reviewed journals

Academic Qualifications: PhD (Economics), MCom (Economics), Honours in Bachelor of Economic Science, BSc.

MS. BRENDA MOAGI - CEF GROUP EXEC LEGAL, RISK & COMPLIANCE

Appointed to Group Exco: 2020

Expertise: Legal Advisory, acquisition & mergers, Governance, Compliance, Risk Enterprise Management, Business Ethics, Licensing

Academic Qualifications: Admitted Attorney, LLM (International Law) from Pretoria University, LLB from Pretoria University, Senior Management Development Programme from Wits

As the holding company for all the subsidiaries, the CEF SOC Exco in line with the Group Parenting Strategy is responsible of setting the Group agenda in terms of growth sustainability, performance objectives, partnerships, and diversification in an integrated manner that ensures strategic alignment extraction of Group synergies.

CEF SOC EXECUTIVE TEAM

MS. ZINHLE THUPANA - CEF GROUP EXEC CORPORATE SERVICES

Appointed to Group Exco: 2022

Expertise: Risk Management, Audit, Governance, Compliance, SHEQ, Business Ethics, Human Capital

Academic Qualifications: Certified Ethics Officer, MBA from Regenesys, Senior Management Development Programme from Wits, NDip in Accounting

MR. SAKHIWO MAKHANYA - CEF GROUP EXEC STRATEGY MANAGEMENT

Appointed to Group Exco: 2023

Expertise: Strategy Formulation, Leadership Development, Sales & Marketing, Banking, Business Analysis

Academic Qualifications: MBA (Business Strat & Entrepreneurship, Senior Management Development Programme from Wits, Postgraduate Diploma (Advanced Project Management)

MR. MULALO RAZWINANI - CEF GROUP SECRETARIAT

Appointed to Group Exco: 2023

Expertise: Corporate Governance, Legal Advisory, Company Secretariat, Compliance

Academic Qualifications: Bluris from KZN University, LLB from KZN University

MS. FHATUWANI TSHIKOMBA - CEF GROUP INTERIM AUDIT EXECUTIVE

Appointed to Group Exco: 2023

Expertise: Auditing, Risk Management, Performance Reporting, Analytical

Academic Qualifications: MBL from Unisa, Internal Auditing (Hons) from Unisa, Certificate in Performance Auditing from Unisa, BCom Accounting from Venda University of Tech

As the holding company for all the subsidiaries, the CEF SOC Exco in line with the Group Parenting Strategy is responsible of setting the Group agenda in terms of growth sustainability, performance objectives, partnerships, and diversification in an integrated manner that ensures strategic alignment extraction of Group synergies.

SECTION 3:

Business Overview & Strategy

BUSINESS OVERVIEW & STRATEGY

A number of key external events outside of the Group's control has affected the current strategic position it finds itself in. This has, in turn, influenced its strategy, formulated to react to any implications these trends may have on the Group.

The Group has identified five areas of external analysis to be discussed in the Corporate Plan:

1. Global Megatrends
2. The Russia-Ukraine War
3. Economic Overview
4. Energy Sector Overview
5. Regulatory Environment

The five Global Megatrends shaping the future operating environment and generating significant strategic uncertainty include:

Geopolitical Transition: The fragile transition to an intensely competitive, multipolar international order while political shocks are incurred because of the war in Ukraine, and the economic recovery from the COVID19 pandemic. This includes rising national debt, rising inequality, slowing global economy populism, and climate change challenges.

Geo-economic Disruption: The increasingly pervasive use of economic instruments for geostrategic purposes manifested as sanctions by leading nations on other nations, trade embargoes and other punitive instruments.

Socio-demographic shift: The changing structure of the human population & labour force and the evolution of social norms.

Technological Revolution: The transformative impact of the accelerating advance & diffusion of technology. This revolution has gained pace even more than before the pandemic.

Environmental and Resource System Disruption: The disruptive cross-domain impact of climate change, including intensifying strains on the global resource nexus of food, water, energy and the climate.

The Russia-Ukraine war: The global economy is reeling from the largest energy crisis since the 1970s. The energy shock has pushed up inflation to levels not seen for many decades and is lowering economic growth all around the world.

The new OECD Economic Outlook, now forecasts that growth in the world economy will decline to 2.2% in 2023 and bounce back to a relatively modest 2.7% in 2024. Asia will be the main engine of growth in 2023 and 2024, whereas Europe, North America and South America will see very low growth.

Higher inflation and lower growth are the hefty price that the global economy is paying for the Russia-Ukraine war. Although prices were already creeping up due to the rapid rebound from the pandemic and related supply chain constraints, inflation soared and became much more pervasive around the world following Russia's invasion. In the Regional Economy, countries have generally fared badly with the impact of the Russia-Ukraine war. Largely, this is a consequence of that the economies were weak, even before COVID pandemic, which weakened them further, and then the war which severely impacted prices of key energy commodities.

Relating to the Energy Outlook, The world is in the midst of its first global energy crisis – a shock of unprecedented breadth and complexity. Prices for spot purchases of natural gas have reached levels never seen before, regularly exceeding the equivalent of USD 250 for a barrel of oil. Coal prices have also hit record levels, while oil rose well above USD 100 per barrel in mid-2022 before falling back. High gas and coal prices account for 90% of the upward pressure on electricity costs around the world. The crisis has stoked inflationary pressures and created a looming risk of recession, as well as a huge USD 2 trillion windfall for fossil fuel producers above their 2021 net income.
Due to CEF Group's strategic interests, it is critical that four specific areas of interest relating to the regional energy sector be explored:

The strongest trend of the current trend is of IOCs exiting local refinery, and the SOCs taking over the local-refinery space.

Mozambique: The ROMPCO investment is already substantial relative to the CEF portfolio, but this investment could be a seedbed for other investment in Mozambique as the country is just about to export substantial amounts of LNG.

Angola: Angola has promising oil & gas prospects, and the economy has shown signs of improvement from the doldrums of imposed by COVID 19.

Ghana: The Ghana-asset being of relevance. The PetroSA Ghana has paid dividends at crucial times in the turnaround of the larger PetroSA Group.

South Sudan: SFF is in the process of exploring for crude oil in South Sudan, in conjunction with the support of both the RSA and the South Sudanese Governments. To this end, requisite approvals are being sought from the arranged in south Africa.

Neighbouring countries: Overland fuel sales for the Southern African region. This has continued to be a source of revenue for South Africa. Though, the mandate to conduct such business is neither protected or exclusive. New channels to the see are being proposed from such countries as Namibia, Mozambique, and even Angola.

Comprehensive discussions identifying trends, key events, opportunities, and risks related to the regional energy topics are included in the strategy section.

Regional Energy Sector

The **South African Energy Sector** and its players are being pressured by internal and external factors. Internal factors including the urgent state of energy SOE's and the resultant rolling blackouts; and external factors such as the global pressure to fast-track the local energy transition, a difficult task given South Africa's dependence on Coal (apportioning 73% of local electricity generation).

Additionally, the country's demand for electricity is expected to grow by 58% in 2030, a substantial increase. Despite the local dependence on fossil fuels, the country is forecasted to coincide with the global energy transition trend, with considerable expected growth in the demand for Solar, Wind and Hydro & Storage. By 2030 the local energy mix is forecasted to have a 55% fossil fuels, 45% renewables distribution. Leveraging the shift, South Africa should aim to meet significantly growing future demand for renewable energy. Six major drivers behind the local transition to renewables have been identified:

- National electricity crisis (Eskom)
- Falling renewables costs (wind and solar)
- Favourable renewables conditions in South Africa
- National energy security (fossil fuel reserves are exhaustive)
- Supportive energy policy (IRP and REIPPP)
- Energy financing programmes and incentives (public and private)

Business Overview (cont.)

This transition has **significant impact on domestic business sectors**, specifically relating to Coal, Natural Gas and Liquid Fuels Sector, with more detail present in the "External Factors" Section in the body of the document:

Coal

During 2022, western countries were seen struggling with their energy needs and increasing the import of coal, including from South Africa, they even re-opened some old coal mines as partial preparation for a possible cold winter without gas from Russia. South Africa has an extreme dependence on Coal, both directly and indirectly, which in contrast to the global transition, indicate that coal is to stay relevant in South Africa for at least another ~15 years. Opportunity exists for players to contribute to industry efforts through initiatives such as decarbonising and optimising operations.

Natural Gas

Global natural gas prices grew rapidly during 2022 to some of the highest levels ever, before plummeting to equilibrium prices, driven by the demand and other market vagaries. Viewed as a strategic growth area, the sector is set to outpace the growth of oil and coal, equating to a 4% p.a. growth rate until 2040. This surge in demand is at risk of not being satisfied, with current gas production falling 6.1 bcm short of the 2040 demand. Opportunity exists to meet this future demand through exploitation of the untouched Kudu, Ibhubesi and Rovuma gas reserves. Furthermore, creating an open access LPG import and storage facility in Saldanha or supplying LNG to Total filling stations along N3 between Johannesburg and Durban are also viable options

Liquid Fuels

The strongest trend of the current trend is of IOCs exiting local refinery, and the SOCs taking over the local-refinery space. This is however not necessarily very profitable, as current demand and market rules seem to suggest that a refinery of less than 300000 bpd is not profitable. Despite market & regulatory constraints, core refined products are still expected to experience growth within the South African market.

However, majority of this demand is expected to be met by imports, with South Africa's refining sector challenged by Global Mega-refineries with significant economies of scale. This requires the local industry to adapt or risk immense repercussions for the local economy. Three opportunities are present, namely (1) consolidation of local refining capacity, (2) increased terminal capacity to store and handle imports and (3) diversification of local energy mix to substitute imports with domestic sources.

Energy Sector

Finally, South Africa's energy sector is highly regulated, impacted by National and Sector-specific imperatives, as highlighted by figure 1. A detailed overview on current legislation with relevance to CEF SOC can be found in the "External Factors" Section in the body of the document. These external factors have implications which reverberate through to every level of the Group, and its impact should be monitored closely as the 5-year strategy realises.

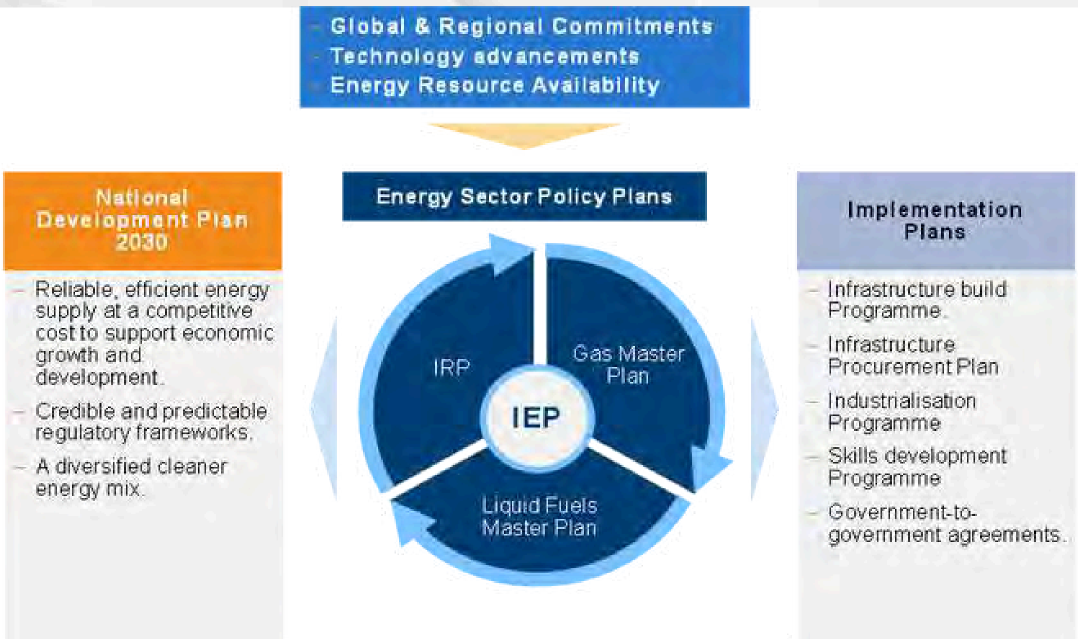


Figure: Local Energy Sector Planning Environment

CEF Strategic Outlook

As mentioned, the Group Strategy is a culmination of the various subsidiary strategies, which aim to react to the external and internal factors impacting them. With CEF SOC leading the Group corporate planning activities, various internal discussions, workshops and peer-review sessions were held to articulate the strategy. This amalgamated into the CEF Group House of Strategy, which can be seen in the Figure below:

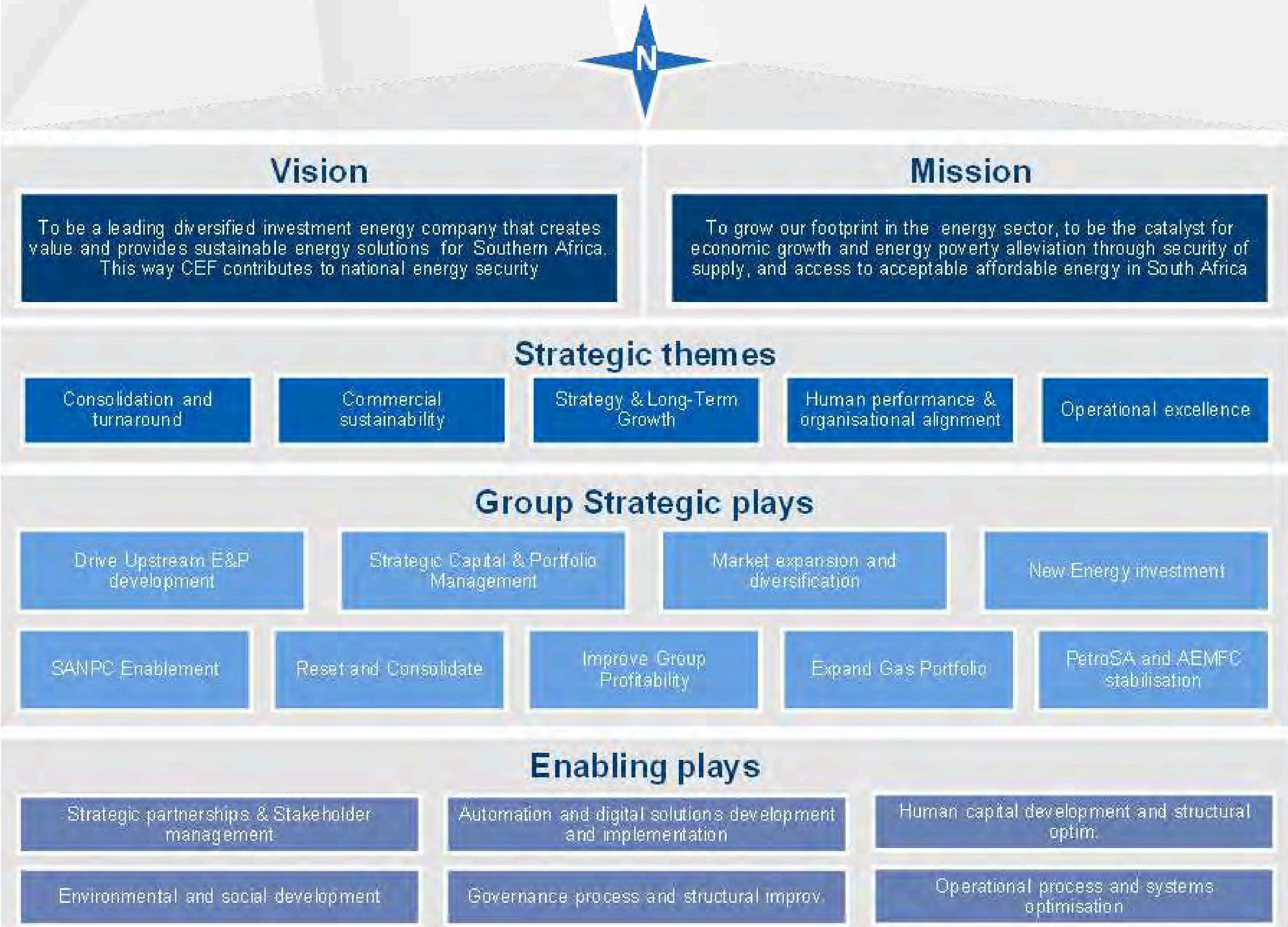


Figure: CEF Group Strategy House

The House of Strategy represents a holistic view of CEF Group's strategy, articulating the various strategic tools required to lead the CEF Group to its desired end state, such as:

- **Vision:** A reflection of the Group's aspirational role by describing its desired future state.
- **Mission:** Defining the Group's business, its objectives, and the overarching approach to reach the Vision.
- **Strategic Themes:** Defined objectives which, if executed, would realise the Vision & Mission.
- **Group Plays:** Bucketed Strategic and enabling initiatives with a common purpose, with each play assigned to a Strategic Theme.
- **Initiatives:** Implementable Strategic or Enabling Initiatives assigned to each Group Play, and thus each Strategic Theme, which, if executed, would realise the objectives of the theme.

The Group aligned upon 5 overarching Strategic Themes, with 10 Strategic and 6 Enabling Plays aimed to realise its strategy. These Plays can be considered as logical groupings of the various tangible & executable initiatives pursued by the individual subsidiaries. With initiatives within these Plays following similar themes (i.e., to Drive Upstream E&P development).

CEF Strategic Outlook (cont.)

The Table below provides a brief description of the Strategic themes and an overview of the Strategic/Enabling Plays.

#	Strategic Theme	Description	Group Play
1	**Consolidation and Turnaround**	Group strategic consolidation to eliminate duplication and the perceived overlap in mandates to improve scale, operational efficiency, market share, competitiveness, and overall strategic relevance in a VUCA environment.	Reset and consolidate PetroSA and AEMFC stabilisation SANPC Enablement
2	**Commercial Sustainability**	Ensuring commercial sustainability by addressing key risks such as a lack of affordable feedstock, high costs, suboptimal operational and business performance, and stagnant revenue growth.	Improve Group Profitability Strategic Capital & Portfolio Management
3	**Strategy & Long- Term Growth**	Strategy coordination, alignment, development, and implementation of sound long term growth strategies for ensuring the Group company life cycle changes. Focus on Business Development and other growth initiatives across the value chain	Expand Gas portfolio Market expansion and diversification Drive Upstream E&P development New Energy investment
4	**Human Performance and Organisational Alignment**	The key enabler in unlocking the human potential for excellence and creating a culture of superior business performance through effective strictures and the creation of a High-Performance Organisation.	Human capital development and structural optimisation Environmental and social development Strategic partnerships & Stakeholder management
5	**Operational Excellence**	The need for effective operational efficiency to support the delivery of the overall business performance to improve margins, quality and speed whilst reducing costs through integration and automation.	Operational Process and systems optimisation Automation and digital solutions development and implementation and procurement optimisation Governance process and structural improvement

Table: Strategic Themes & Strategic Plays

The **Reset and consolidate** play aims to strategically 'Reset' the Group's strategic focus strategic alignment and providing subsidiary strategic guidance, and consolidating operations where duplication exists in order to maximise efficiency and effectiveness. These initiatives have been formulated following the urgency created by strategic and financial challenges on a Group level.

PetroSA and AEMFC Stabilisation is an amalgamation of a number of short-term, high impact initiatives present across the Group corporate plans. These initiatives ensure the continuity of PetroSA and AEMFC (and thus continuity of the Group) through financial and strategic stabilisation.

The core focus of this play is translated into improving both entities' net profit margin in the short-medium term.

The **SANPC Enablement** play touches on supporting the amalgamation of the SANPC merger, which will have significant impact on and ultimately substantially benefit Group operations. The process is however a difficult one and realisation thereof will require direct and indirect support across the Group. The subsidiaries earmarked for the merger, i.e. PetroSA, iGas and SFF have all tabled initiatives to support the establishment of the SANPC in their operations, which are aligned to the defined SANPC strategy.

CEF Strategic Outlook (cont.)

Improve Profitability emerged from various subsidiary initiatives aimed at improving their profitability through both (1) increasing revenues and (2) decreasing costs, to in turn increase net profit. This cascades up to a Group-wide profitability drive, as a profitable business, in the end, is a commercially sustainable business. This will improve the operating margin and net profits for the Group, in turn optimising the numerator for the Return on Invested Capital metric for this Theme.

Strategic Capital & Portfolio Management arose due to the capital-heavy nature of the industry wherein the CEF Group operates. Various initiatives have been ideated to optimise the Group's capital to ensure conservation of capital and allocation to only the most beneficial projects. Achieving capital excellence will also assist in realising the Group Commercial Sustainability metric of an increased Return on Invested Capital (ROIC) an improved denominator for the ratio. In tandem, it will ensure an optimal debt-equity ratio for the Group to optimise its Cost of Capital.

The **Expand Gas Portfolio** play relates to expansion of the Group's gas portfolio, which goes beyond the sole focus of exploration and production. Expanding the gas portfolio primarily entails identifying opportunities to invest in infrastructure to facilitate distribution of existing gas finds.

Market expansion and diversification involves identifying and capitalising on opportunities adjacent to each subsidiary's core focus, as well as deepening the positions held in respective markets.

Drive Upstream E&P development emerged from the view within the Group that beneficiation of South Africa's natural hydrocarbon reserves should be driven by the Group.

The New Energy investment was ideated in light of the energy transition that is already swiftly underway. The CEF Group is simultaneously enhancing its hydrocarbon beneficiation and its ability to produce and supply renewable energy in support of a just energy transition.

Human capital development and structural optimisation sets ambitions to grow and maintain a high-performing and engaged workforce by reducing employee attrition, ensuring critical vacancy. fulfilment, achieving target employee vacancy scores and driving continual investment in growing skills through capability development & training.

Environmental and social development touches on the Group's need to focus on improving community relations through dedicated environmental and social imperatives.

Strategic partnerships & Stakeholder management aims to achieve net-positive sentiment with key strategic stakeholders by ensuring a strong and reputable brand reputation. Improving the corporate brand of the Group as a whole will reposition CEF as a credible investor and desirable business partner.

Operational Process and systems optimisation focuses on increasing organisational efficiency and productivity by optimising internal business processes across the Group, realised by targeting employee efficiency, asset efficiency and within-allocated-budget strategic project execution.

Automation and digital solutions development and implementation speak to the Group's the desire to automate majority of eligible business process through digitalisation. Digital solutions are critical in improving organisational efficiency and productivity to in turn be operationally excellent.

Governance process and structural improvement pertains to improving core structural aspects of the organisation, whilst ensuring best-in-class oversight through its corporate governance, will be paramount in realising the Group's operational excellence.

Execution Capacity

Strategy implementation is "the process of allocating resources to support the chosen strategies and initiatives. This process includes the various management activities that are necessary to put strategy in motion, institute strategic controls that monitor progress, and ultimately achieve organisational goals and achieve commercial viability. The execution capacity of the CEF Group is informed by available resources. Broadly these include four key areas for discussion:

- Human capital
- Information & Communications Technology
- Business Systems
- Business Processes

In an effort to improve our execution ability and ensure long-term financial success, the Group will focus on the integrated levers using the 7S model, which can be seen in Figure below, to spearhead our execution capabilities.

The goal of the model was to show how seven elements of the CEF Group: Structure, Strategy, Skills, Staff, Style, Systems, and Shared values, need to be aligned together to achieve effectiveness in our Group of companies. The key point of this approach is that all the seven areas are interconnected and a change in one area requires change in the rest of the firm for it to function effectively.

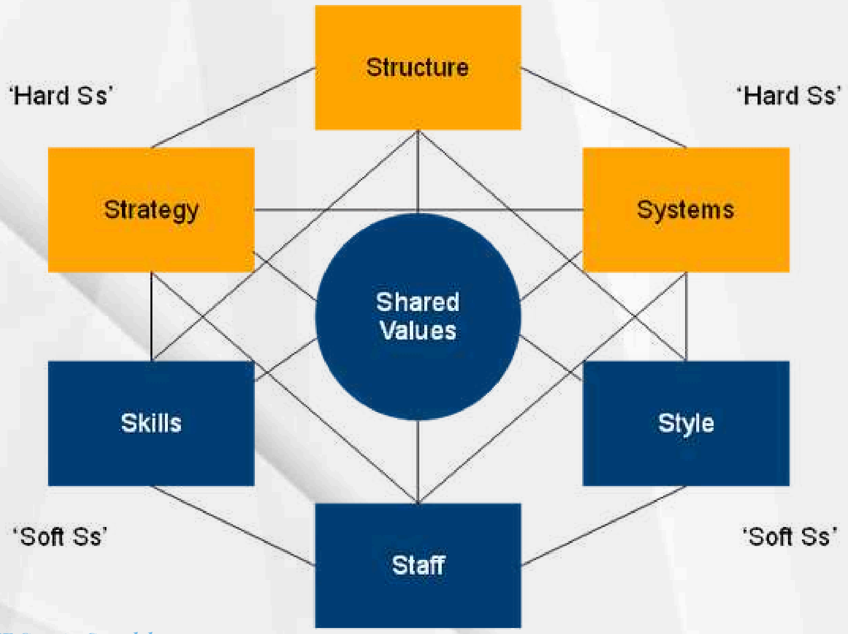


Figure: CEF Group 7S model

CEF Group Operating Model

To effectively deploy the renewal strategy, the CEF Group needs to engage a new operating model that will effectively deal the requirements of turnaround, of merger of the three CEF entities and repositioning the Group for long-term sustainability. The current operating model has not caused the company to flourish, it can therefore be deemed to be misaligned with the sustainability imperative.

CEF requires an enabling operating model to execute on its newly revised value proposition and the renewal strategy. Generically, the operating model is premised on three fundamentals, namely: 1) organisational structure, 2) processes and systems, and 3) mind-sets and capabilities, the new operating model requires a change of culture that will underpin the model, and lead to successful change.

A key driver of the renewal strategy is **operational excellence**, but operational excellence for a robust and fit for purpose operating model to ensure sustained, long-term operational and financial performance with digital as a key enabler. To deliver on its seven strategies must employ a fit-for-purpose operating model with its core dimensions realigned to support the parenting strategy. This model will inform the new fit-for-purpose reconfigured structure. It will also be supported by documented business processes, be digitally enabled, and be capacitated for effective change management.

The new operating model has specific benefits for each of the three phases of the CEF Group strategy, i.e., reset, scale for growth and growth. To start the process of the organisational reset, which already initiates the operating model change, CEF will apply Kearney's Fit Transformation Framework, as illustrated by Figure: Fit Transformation Framework, to baseline the existing operating model. This will help us to identify what is working well & areas for improvement. In turn, this will clarify what opportunities can be captured and which gaps must be closed

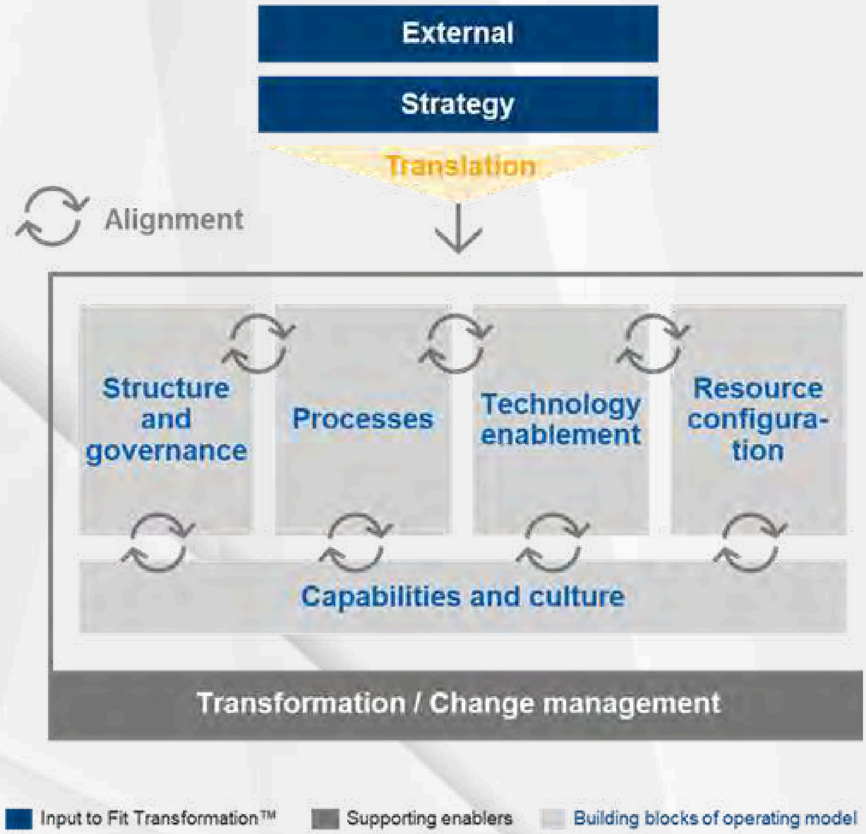


Figure: Fit Transformation Framework

This will allow the Group to:

1. Position for Effectiveness,
2. Position for Growth,
3. Position for Sustainability,

through the outcomes mentioned in Figure below.

CEF Strategic Outlook (cont.)

Position for Effectiveness	Position for Growth	Position for Sustainability
Collaborative Approach	Business Development	Subsidiary Oversight
Simplicity in Design	Clear Portfolio Strategy	Automated Reporting
Agile and Flexible	Structured Deal Sourcing	Robust Governance
Project Lifecycle Coverage	Project Development	Value adding partner
Technology Leverage	Investment Readiness	Performance Interventions
Regulatory Compliance	Investment Expertise	Good Governance
Ethical Conduct	Business Development	

Figure: Position for Effectiveness

CEF will then work to realign the operating model and its dimensions to enable achievement of the Group ambitions. This will be grounded in best practices, with consideration for benchmark entities and relevant project experiences such as the CEF Group Merger.

Context

As per the State of the Nation Address (SONA) on 13 February 2020, Government has commenced its efforts to repurpose and rationalise State-Owned Enterprises (SOEs) to support growth and development. More recently, the South Africa's Economic Reconstruction and Recovery Plan was released establishing several objectives, including aggressive infrastructure investment and improving the capability of state-owned entities.

Under this directive Cabinet on 10 June 2020, approved the merger of three subsidiaries of the CEF Group (PetroSA, SFF and iGas) to establish the South African National Petroleum Company (SANPC). The CEF Board was mandated to manage the process and ensure the establishment of the SANPC.

The merger is pivotal for the CEF Group as it provides the opportunity for urgent intervention to stabilise the Group but also enables a strong platform for sustainable growth. Additionally, the merger is of key strategic importance to the CEF Group for three reasons as detailed below.

Ring Fence Challenges: Allow the CEF Group to isolate and ring-fence financial issues and risks within the legacy entities (PetroSA, SFF and iGas). This provides the space to focus on targeted solutions for legacy challenges e.g., turnaround of PetroSA refinery and addressal of decommissioning liability.

Exploit Synergies: Enable a sustainable business model through the merger, encompassing a) Operation of profitable assets from legacy entities and b) Realisation of cost savings from operational synergies and efficiencies.

Attract Funding: Attract strategic partners and investors for growth through a) Obtaining requisite funding and technical know-how, b) Enabling the addressal of legacy financial and operational challenges and c) Ensuring value creation from new opportunities.

Merger Implementation

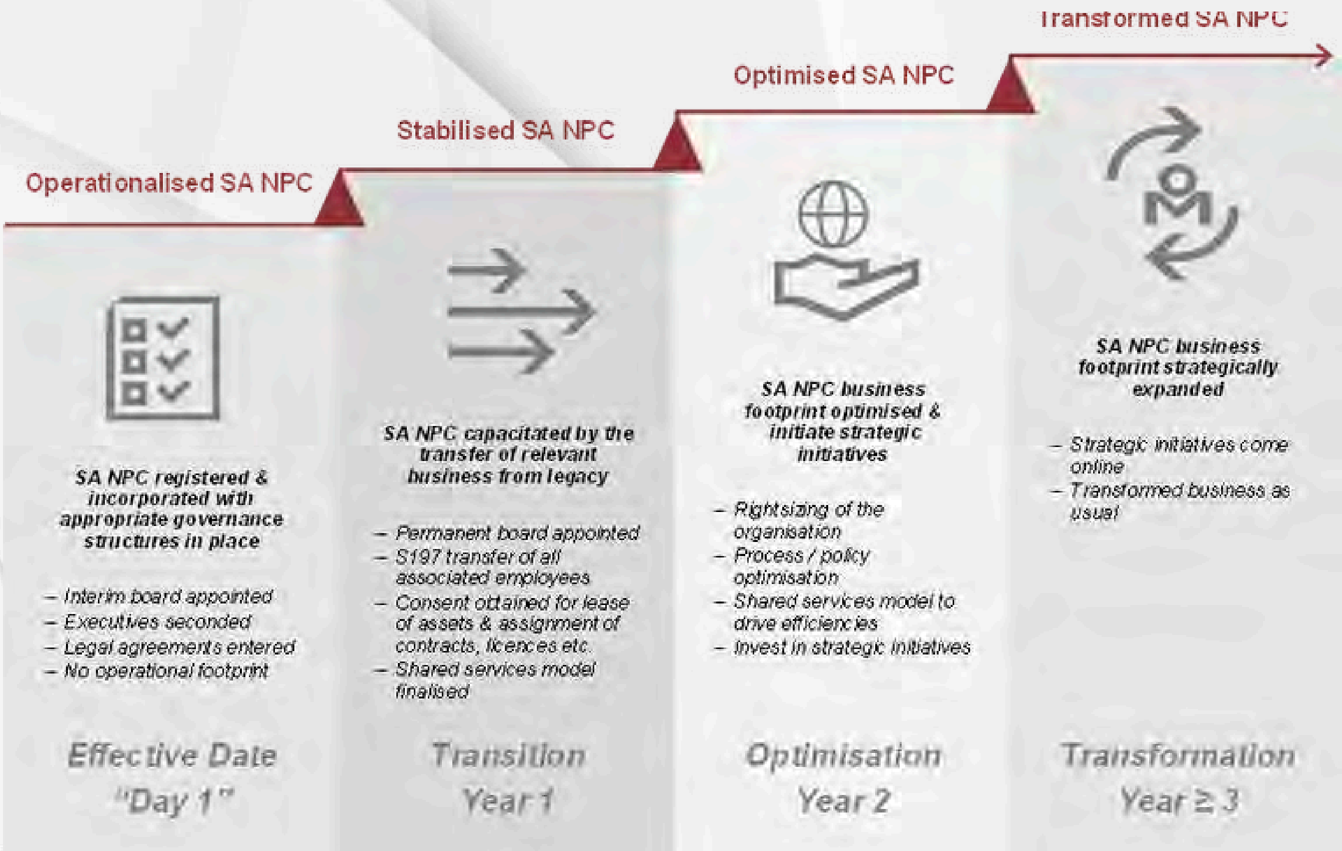
Under Section 12 of the Competition Act, various mechanisms exist through which a merger can be achieved. As such, multiple merger archetypes were considered to ensure commercial stability and legal viability of SANPC. . This process led to the final decision to establish the SANPC outside of the CEF Group reporting directly into the DMRE through the adoption of a lease and assignment (L&A) merger model. The L&A merger model entails the selective leasing of assets by SANPC from

CEF Strategic Outlook (cont.)

PetroSA, SFF and iGas, while these entities simultaneously assign people, processes, and licenses to SANPC, leaving behind a set of legacy entities. The L&A modality allows for the selective transfer of a) Assets and rights, b) Assignment of contracts and c) Transfer of people. In this way, the L&A mechanism will facilitate the fair use of selected business aspects by SANPC at fair market value. The culmination of the process was the delineation of business elements that will remain in the legacy entities and the business elements which will be transferred. This is provided in more detail in the Figure below.

Figure: L&A model

Owing to the L&A model being applied to the merger, the establishment of SANPC will not be immediate and will ultimately occur over time. As such, there will be four distinct stages to implement the merger and fully establish SANPC, and these stages will occur over a distinct three-year timeframe.



CEF Strategic Outlook (cont.)

As of March 2024, key milestones were already achieved as part of the SANPC Incorporation process. Engagements with National Treasury and the submission of the Draft S51 Application for their comment and input, Appointment of the SANPC Board and Transitional CEO, Intercompany Loan contract discussion for SANPC working Capital Commitment support; commencement of Asset Fair value assessments, S197 strategy and engagement process with line mangers for the appointment of the SANPC Transitional Executive Team.

- **Transaction Finalisation:** Incorporation of the SANPC as an entity, finalisation of the L&A contract and oversight of fulfilment of all Conditions Precedent.

- **Transition Activities:** Detailed design of the SANPC and support to the transfer of assets, people and contracts including change management

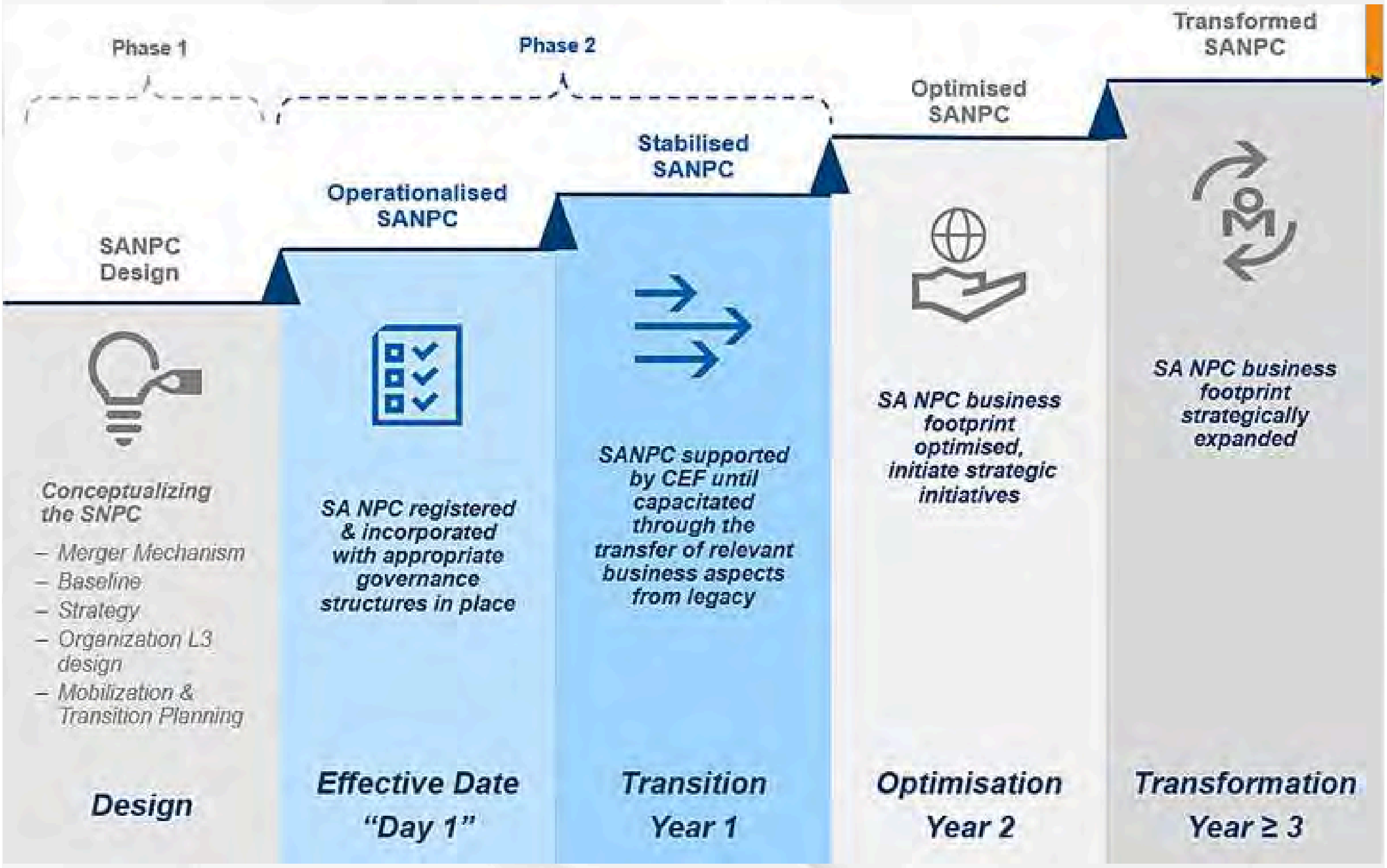


Figure: SANPC Transitional Journey

Risk Enterprise Management

Enterprise Risk Management (ERM) is a process that involves proactively identifying, assessing evaluating and management of strategic and operational risks, this is done in pursuit of our mandate and strategic objectives for reliable and accountable decision-making including improving and optimizing of processes and controls for avoidance and/or minimisation of such risks where avoidance is not possible. ERM is an ongoing process and requires continuous monitoring.

Global risks continue to be a significant concern for the globe and South Africa is no exception to this. These Global Risks are complex and long-term effect/issues that are not immediately resolvable and require significant periods to tackle and solve. Climate change, scarcity of resources and the urgent need for an energy transition signal significant disruption ahead. CEF as a schedule 2 SoE company is tasked with ensuring that it supports the State adequately address such global risks to ensure continuity and security of energy of supply.

Within South Africa and in addition to these Global Risks, the impact of the range of pandemic, stagnant economy and the effect of load-shedding has amplified these Global Risks. Given these challenges the CEF Group of Companies (CEF Group) recognises the importance of stayingesilient and agile, more so in the volatile global markets. This necessitates an adoption of a strategic foresight approach in ERM process that allows for adapting quickly to changing risk landscape that pose impediments to the CEF Group business and the local/regional market the Group operates in.

The ERM processes allow for systematic identification and analysis of future developments, trends, uncertainties, and opportunities that may impact the achievement of our strategic objectives. This is done by utilizing various techniques and tools to anticipate potential changes within our business environment and make informed decisions to manage risks effectively.

The CEF Board of Directors remains committed and continues to support and invest in effective ERM processes and systems across the Group to ensure risk management across the Group is executed in line with our strategic objectives, relevant regulatory and statutory requirements, including industry best practice. A high-level process which is followed in identifying, assessing, prioritising, and managing risks that could hinder our ability to achieve our mandate and strategic objectives is set out below:

Our Risk Management Journey & Success

The focus in the 2023/24 financial year was the implementation of ERM process by benchmarking our ERM department against industry best practices, developing and thereafter aligning our compliance framework with our ERM framework, and implementing the Governance, Risk and Compliance (GRC) system to ensure that our risk management initiatives optimized and efficient. The CEF Group thus remains committed to ensuring efficient and effective risk management is applied across the Group. Below is an outline of the Risk Management Journey:

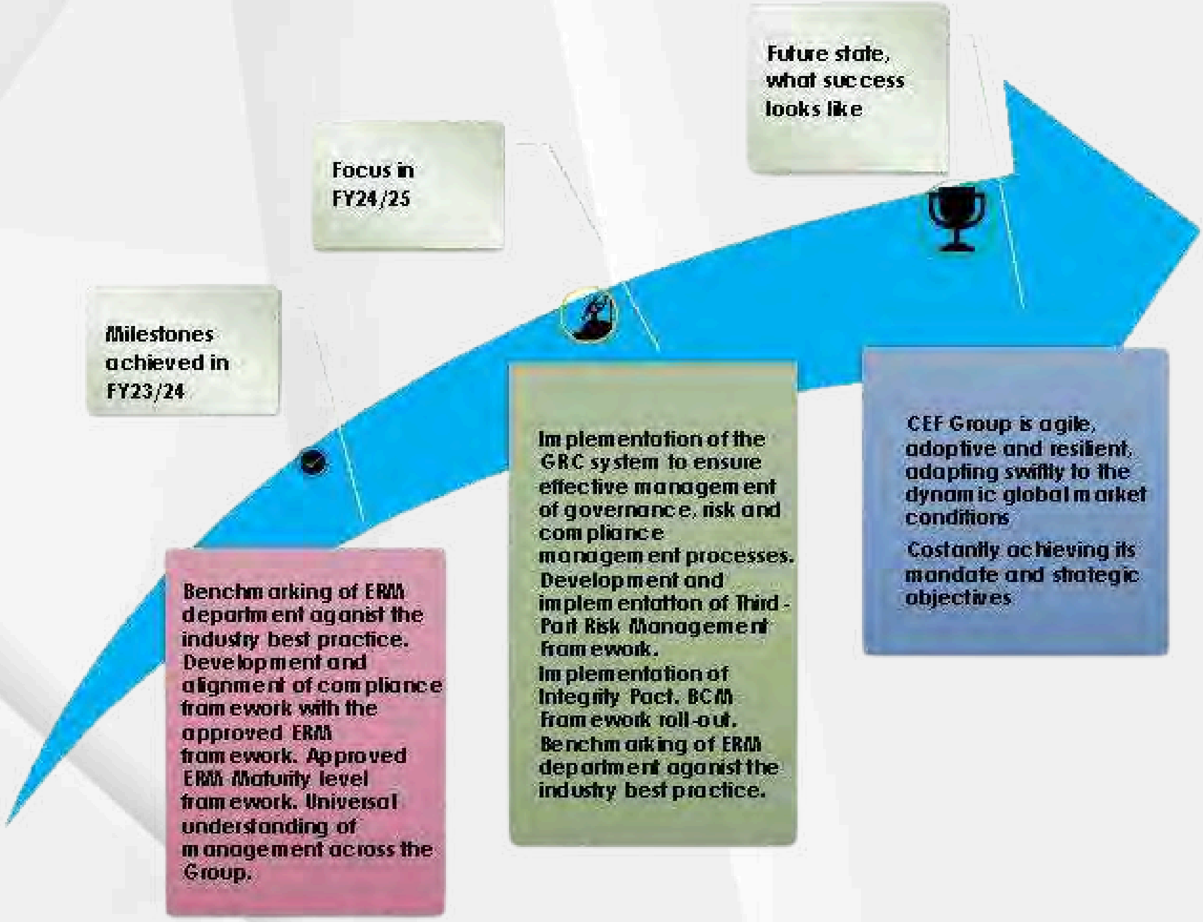


Figure: Risk Management Journey

Risk Management Governance & Oversight

CEF management continues and remains committed to supporting of the Board of Directors continues to ensure that the ultimate responsibility of executing and ensuring risk management across the Group in line with the following foreground principle listed below.

OVERSIGHT	IMPLEMENTATION	ASSURANCE
Board of Directors/Board Audit/Risk Committee	Executive Committee and Management	Internal Audit and External
• Ensure the risk management culture • Approve risk management strategies • Aooroves risk appetite and tolerance • Approves ERM policy, framework and processes • Addressing emerging risks • Provide oversight on the effectiveness of the ERM processes	• Define the risk appetite and tolerance • Execution of risk management activities • Implementation of the risk management strategy • Report on risk management progress and emerging risks • Custodian of the risk management strategy and ERM framework • Coordinate risk management activities across the Group	• Provide an independent and objective assurance on the effectiveness of ERM processes and controls • Provide and independent opinion on the effectiveness of risk management

Risk Appetite & Tolerance

The Group risk is managed in terms of our approved Risk Appetite and Tolerance framework (RAT). The RAT framework aims to guide and manage the Group's top strategic risks. This is done with the understanding and need to balance risks and opportunities in pursuit of our mandate and strategic objectives. Risk appetite provides for and sets out the overall level of risk for which the Group is willing to accept, Group can tolerate and risk management process for managing such risks to achieve the organization's objectives within its risk appetite and tolerance. Factors considered when determining our risk appetite and tolerance level:

Business Goals and Objectives: A company's risk appetite and tolerance levels should align with its business goals and objectives. For example, a company targeting growth and expansion may have a higher risk appetite than a company focused on maintaining stability.

Industry and Market Conditions: The level of risk tolerance may vary for different industries and market conditions. Some industries are inherently more volatile and riskier than others, and market conditions can be volatile.

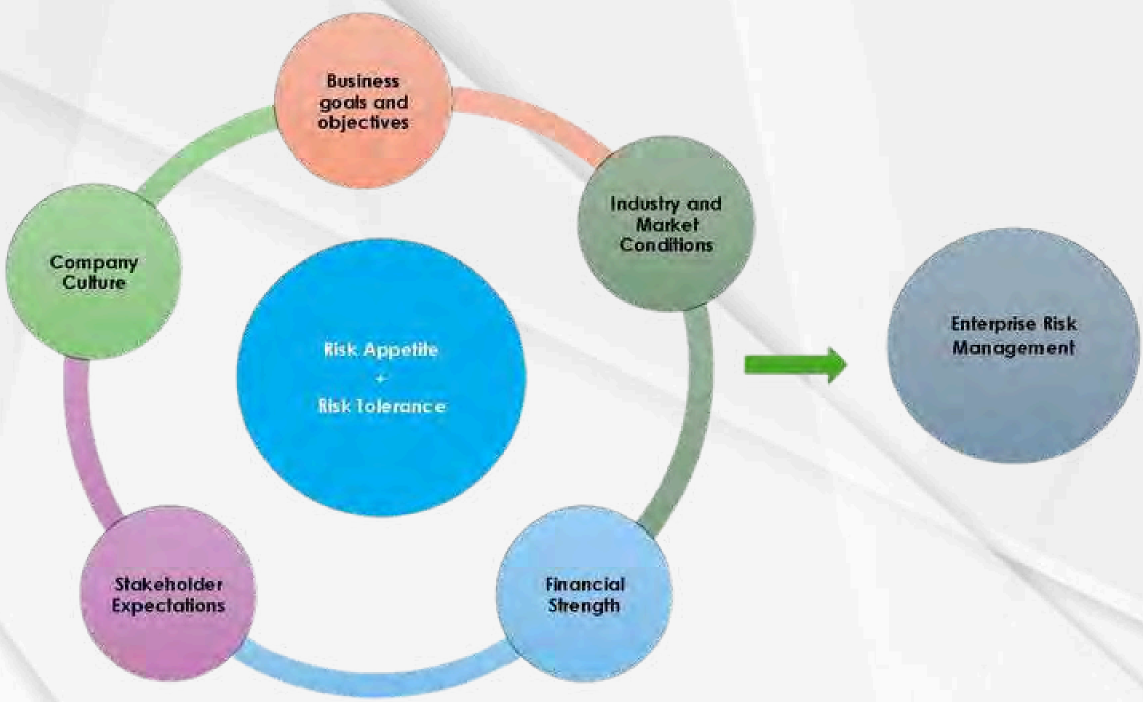
Regulatory Requirements: The regulations imposed on a particular industry significantly impact the risk appetite and tolerance levels. The requirements must be strictly followed, and non-compliance can lead to severe penalties and in some instances imprisonment, increasing the need for low-risk tolerance.

Financial Strength: The company's financial position is essential in determining the risk appetite and tolerance levels. If a company has solid financials and can sustain losses, it may have a higher risk appetite than a financially weak company.

Stakeholder Expectations: The expectations from shareholders, customers, suppliers, and other stakeholders are essential in determining risk appetite and tolerance levels. The stakeholders' expectations can influence a company to take on a higher or lower level of risk.

Company Culture: The company's culture, values, and beliefs significantly impact risk the appetite and tolerance levels. A company that values innovation and taking risks may have a higher risk appetite than one that values stability and predictability. As such, the company culture must be carefully determined.

The diagram below illustrates the risk appetite and tolerance determination process:



Risk Management Process

Our Enterprise Risk Management is an ongoing process involving management, employees, and external stakeholders. This process helps us proactively identify, assess & evaluate, and manage strategic risks, improve decision-making, in pursuit of our mandate and strategic objectives. diagram below illustrates our Enterprise Risk Management process:

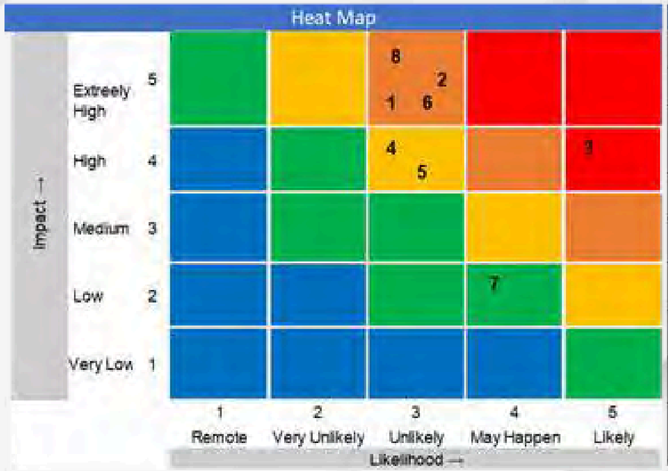
Key Strategic Risk for the Group

The Public Finance Management Act, 1 of 1999 (PFMA) requires state-owned entities to maintain effective, efficient, and transparent financial and risk management systems. Furthermore, King IV code highlights that an organisation's core purpose, risks and opportunities, strategy, business model, performance, and sustainable development are all interconnected elements of the value creation process. Given our strategic foresight approach, the CEF Group identifies and analyses future developments, trends, uncertainties, and opportunities that may hinder its strategic objectives.

In FY 2023/24, 63% of the CEF Group's strategic risks are rated as high and extremely high at the residual risk level, indicating that if these risks materialize, they will significantly impact strategic objectives mandate of the CEF Group. Some improvements were observed due to the management's risk mitigation efforts. By the end of Q3 in FY 2023/24, 2 out of 5 high and extremely high risks are showing a downward trend due to the implementation of the mitigation initiatives.

The limited energy mix and lack of financial sustainability risks remain flat in terms of the trend, and they are being tracked and monitored closely to ensure that, through the various mitigation initiatives, CEF Group can bring them to an acceptable level of medium and low risk exposure.
Cybersecurity risk continues and remains an emerging trend that is high due to a rapidly changing technological landscape which introduces an increased complexity and potential misuse in artificial intelligence, cybersecurity, and misinformation.

The diagram below depicts the CEF Group's strategic risks for FY 2023/24.



CEF Group Strategic Risk			Q1 2023/4		Q2 2023/4		Q3 2023/4		Q4 2023/4	
No	Risk Name	Risk Exposure	Risk Trend	Risk Mitigation	Risk Trend	Risk Mitigation	Risk Trend	Risk Mitigation	Risk Trend	Risk Mitigation
1	Lack of financial Sustainability	High		Planned		In progress		In progress		In progress
2	Inability to reposition CEF SOC through the emergence of a new operating model may result in a diminishing value proposition	High		Planned		In progress		In progress		Completed
3	Limited Energy Supply	Extremely High		Planned		Planned		In progress		In progress
4	Fragmented Operational system	Medium		In progress		In progress		In progress		In progress
5	Poor Performance Management	Medium		In progress		In progress		In progress		Completed
6	Reputational Damage	High		Planned		Planned		Completed		Completed
7	Low Organizational risk maturity	Low		Planned		In progress		In progress		In progress
8	Cyber-security risks may lead to data/information breach and disruption or damage on critical infrastructure	High		Planned		In progress		In progress		In progress

Risk Enterprise Management (cont.)

Section 52 of PFMA required that all CEF Group entities review and update their shareholder compacts and corporate plans for the period of FY2023/2024 to FY2027/2028 in compliance with the National Treasury (NT) strategic planning guidelines. This review must include an assessment of the key strategic risks that may impact the Group's objectives. As the Group transitions from a "reset" regime to a "scaling up for growth" horizon, conducting a comprehensive review of the strategic risks becomes even more essential. The CEF Group corporate plans for the period of FY2023/2024 to FY2027/2028, under the Corporate Governance and Enterprise Risk Management strategic theme, the Group aimed to achieve Level 3 risk management maturity in the FY 2024/25. In the FY 2023/24, the CEF Group has implemented the appropriate GRC and achieved Level 4 risk management maturity.

The diagram below depicts the preliminary top nine (9) Group Strategic Risks identified during corporate planning during this period and assessed at the inherent risk exposure level. Of the nine Group Strategic Risks, two of the Group Strategic Risks have been completely mitigated within the financial period and the remaining seven Group Strategic Risks are moderately mitigated.

Risk Enterprise Management (cont.)

CEF Group Strategic Risk		
No	**Risk Name**	**Inherent Risk Exposure**
1	Lack of funds or poor management may cause the failure of a turnaround strategy, resulting in a loss of competitiveness and relevance.	Extremely High
2	Failure to integrate the merging entities may hinder the CEF group's mandate, causing inefficiencies and a lack of synergies in the energy sector.	Extremely High
3	Failure to retain and recruit critical skills, talent and competencies may have an adverse impact on CEF's organisational performance, subsequently hampering its competitive edge and strategic relevance.	High
4	Volatility in oil and gas prices may affect profitability and financial stability, impacting CEf group's commercial sustainability.	Extremely High
5	Reliance on fossil fuels may adversely impact CEF's commercial sustainability due to a potential increase in demand for technologically advanced renewable energy sources.	Extremely High
6	Resistance from employees to change may hinder the successful implementation of a fit-for-purpose organizational structure.	High
7	Non-compliance with regulatory and contractual obligations may result in sanctions and legal disputes with stakeholders, such as suppliers and customers.	Extremely High
8	Cyber-security risks may lead to data/information breach and disruption or damage on critical infrastructure	Extremely High
9	The CEF Group's failure to fulfil its mandate of economic transformation within the oil and gas industry may lead to reputational damage.	High

Risk Enterprise Management (cont.)

Strategic theme	Strategic objective	Strategic risk	Mitigations
Commercial sustainability	Improve profitability to achieve a return equivalent to cost of capital	Lack of financial sustainability	• Implement the Strategic Projects as per subsidiaries' Corporate Plan. • Portfolio management of entities, associates & surplus cash. • Strengthen the monitoring and evaluation processes and investment management to optimize performance. • Support initiative for strategic partnerships and funding plans.
Consolidation & Turnaround	Execution of CEF SOC parent strategy to improve value creation, subsidiary oversight, and delivery of merger	Poor Corporate Governance Culture	• CEF Group Strategy, with group-wide strategic focus is in place. • Change management workshops which involve all stakeholders are scheduled to take place throughout the year.
Strategy and long-term growth	Ensure security of supply through business development in the energy value chain in other energy mix	Limited energy mix supply	• Strategic partnership with other countries with better resources and energy mix. • Develop and Execute Group Growth and Funding Strategy. • Portfolio management strategy (Strategy Execution Model / Portfolio Management). • Change management processes •
Operational Excellence	Improve business processes and systems to achieve exceptional operational excellence.	Fragmented operational systems and processes across the group	• Implementation of continuous process improvement framework, including ongoing business process re-engineering. • Consolidation, rationalization, and integration of Group enterprise systems. • Implement digital transformation roadmap as per 4IR and digital transformation strategy. • Streamline and enhance the subsidiary management model. • Business application retirement planning procedure is in place to identify systems and processes that are no longer fit for purpose. •
Human Capital & Organisational Alignment	Implement improvements towards a High-Performance Organisation	Poor performance management and reporting	• Integrated Human Capital strategy in place • Performance management systems is in place to ensure Group-wide standard performance monitoring. • Career development plan is place, approved and reviewed on a regular basis to ensure sound talent management. • All employees' performance agreements/contracts are aligned to the achievement of strategic objectives.
Corporate Governance and Enterprise Risk Management	Improve risk management and corporate governance processes to enhance the long-term prosperity of the organisation	Low organisational risk maturity level	• Risk management forum/committee are established to enhance Enterprise Risk Management processes. • Risk champions fully equipped with risk management processes have been identified in every division/department.
Transformation and reputation management	Improve CEF brand reputation in the marketplace	Reputational damage	• Risk management forum/committee are established to enhance Enterprise Risk Management processes. • Risk champions fully equipped with risk management processes have been identified in every division/department.

Global & Emerging Risks

Our adopted strategic foresight approach to risk management, highlights the importance of understanding and recognizing the interdependence of risks management. The CEF Group continues to monitor global risks and emerging trends to understand its complex operating environment better, enabling the Group to respond to emerging challenges and opportunities proactively. Technology advances have increased complexity and potential AI, cybersecurity, and misinformation misuse. Threats like ransomware and email compromise can cause significant disruptions and harm critical infrastructure, threatening national security and public safety.

The situation is complicated by potential regional wars, tensions arising in critical areas such as Israel and Taiwan, increased conflicts, and weakened international peacekeeping. The growing anti-Western sentiment in the Global South amplifies geopolitical risks going into FY 2024/25. We continuously monitor the current drivers of these risks, assess the impact and devise, or develop suitable responses to ensure resilience in the event the risks occur.

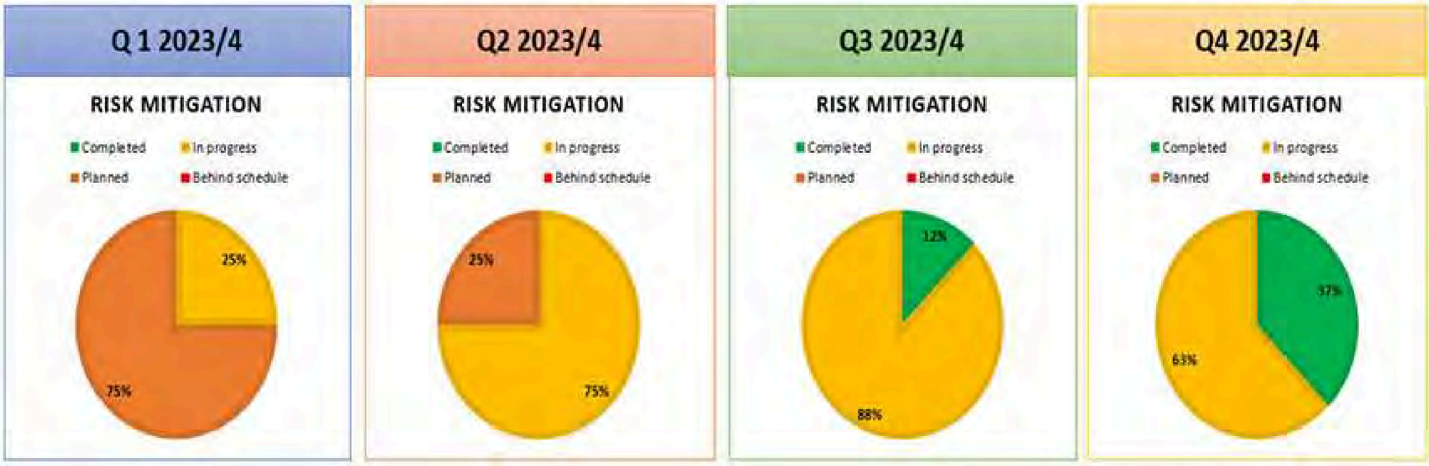
The table below outlines the global and emerging risks which remain on our radar going into the FY 2024/25:

Risk Enterprise Management (cont.)

Global Risk	Impact to CEF Group
State collapse or severe instability: Collapse of a state with geopolitical significance due to the erosion of institutions and the rule of law, internal civil unrest and military coups, or the effects of severe regional or global instability.	• Disruption of operations - during the state collapse and instability, CEF may be unable to continue with normal business activities due to widespread disorder, violence, power outages and transport disruptions. • This risk threatens the achievement of the CEF Group's mandate and strategic objective of becoming a strategic investor and commercially focused entity, driving growth to maintain a balanced portfolio of energy investments, especially given our investments and interests in Ghana, Mozambique, and South Sudan.
Debt crises: Corporate or public finances struggle to service debt accumulation, resulting in mass bankruptcies or insolvencies, liquidity crises or defaults and sovereign debt crises.	• The debt crisis may result in higher interest rates, reducing borrowing affordability. This risk could limit CEF's capacity to invest in energy infrastructure projects to ensure sustainable revenue streams and energy mix. • Supply chains are often disrupted during debt crises when companies struggle to access credit or secure necessary inputs, resulting in project delays or disruptions for CEF, leading to lost revenue and diminished competitiveness. • In severe debt crises, CEF Group may face insolvency and be forced to shut down operations, resulting in job losses and increased unemployment rates, contributing to social and economic hardships in South Africa.
Cyberattacks: the potential evolution of data and cyber insecurity, given the slow-burning, insidious erosion of the digital autonomy of individuals, putting privacy in peril.	• Cyberattacks are increasingly used as a tool of statecraft and their frequency and severity are rising, resulting in higher human and financial costs as critical infrastructure becomes more digitized. • It's important to note that as critical national infrastructure (CNI) becomes more digitized, essential services like power grids, water supply networks, and transportation systems are increasingly at risk of cyberattacks. • A successful cyberattack on any of these systems can have dire consequences, including loss of life and economic damage. Therefore, it's crucial to implement strong cybersecurity measures to protect against these potential threats.
Energy supply crisis: Energy is a key driver of economic growth, and a crisis can lead to a decline in productivity and economic output. Prices of energy-related goods and services can skyrocket, leading to inflationary pressures and reduced consumer purchasing power. Industries reliant on energy, such as manufacturing and transportation, may be negatively affected, resulting in layoffs and business closures.	• Accessible energy resources are crucial for economic development. Climate change, cybersecurity threats, and conflict in Ukraine have increased concern for energy security worldwide, making it a top geopolitical risk in 2024. • The digitization of the energy sector has made energy infrastructure vulnerable to cyberattacks. These attacks could cause significant damage to critical infrastructure and disrupt energy supply, and they are one of the top geopolitical risks of 2024. • To mitigate the impact of a global energy crisis, countries and individuals can pursue diverse strategies, including diversifying energy sources, investing in renewable energy infrastructure, promoting energy conservation and efficiency, and fostering international cooperation for energy security.

CEF Group Strategic Risk Mitigation

The diagram below outlines the Group Strategic Risk Mitigation in the FY 2023/24:



Closing Remarks

The CEF Group remains committed and continues to ensure risk management across the Group is executed in line with our strategic objectives, relevant regulatory and statutory requirements, including industry best practice. To this end, ERM process have been implemented after conducting benchmarking against industry best practices, developing and aligning our appropriate frameworks and implementing GRC systems. This must be done with consideration of the Group's Risk Appetite and Risk Tolerance.

Of the identified and accessed nine Group Strategic Risks, two have been completely mitigated and the remaining seven Group Strategic Risks are moderately mitigated and are continuously being monitored. The Group's Risk Management continues to recognise and understand Global Risks and their impact on the complex environment that the Group operates in.

The CEF Group has surpassed its Level 3 risk management maturity as targeted for FY 2024/25 in its Corporate Plan by achieving Level 4 in the FY 2023/24. Strategic Risks within the Group continue to be monitored.

SECTION 4:

Value Creation

VALUE CREATION

HOW WE CREATE VALUE

The primary objective of CEF Group is to deliver investment projects that generate commercial and transformative value for our shareholders, customers, and employees. We are dedicated to planning and executing strategic energy projects across the entire value chain, which forms a crucial part of our business sustainability plan.

To achieve our goals, we actively seek strategic partnerships with both private and public-owned companies worldwide. Through these collaborations, we aim to create economic growth and job opportunities for our workforce, ultimately shaping our success story for the future. One of our key strengths lies in our ability to identify investment opportunities in areas where others may be shifting their focus. For instance, we take pride in maintaining and advocating for the importance of South Africa's oil and gas refining capacity. By doing so, we ensure the continuity and relevance of the local energy industry.

Additionally, we recognise the potential of gas as a transitional energy source and actively pursue gas-to-power projects, LPG rollout, and the maintenance of our electricity baseload profile. Simultaneously, we prioritise the implementation of clean energy strategies to reduce carbon emissions. Our renewable energy portfolio encompasses various technologies such as solar PV, CSP, solar rooftops, hydrogen, biomass, wind, and battery technologies.

When building our energy portfolio, we consider commercial viability and social responsibility, with guidance from the Department of Mineral Resources and Energy (DMRE). Commercial viability is assessed based on factors such as a positive net present value (NPV), a low-weighted average cost of capital (WACC), and projects or investments that meet or exceed our hurdle rate for internal rate of return (IRR). By maintaining a strategic focus on these objectives, CEF Group aims to deliver sustainable and impactful energy projects while aligning with the evolving needs of the energy sector and broader society.

Financial & Investment Capital

The CEF Group continues to maintain a strong balance sheet that is made up of robust cash flows. The Company remains committed to undertaking investment projects that generate tangible, long-term, sustainable commercial value for our shareholders. As a state-owned entity, it is imperative for us to continue to allocate financial resources responsibly, ensuring transparency, accountability, and sustainability.

Our continued dedication to practising good corporate governance in managing state assets is enshrined in the Public Financial Management Act ("PFMA"), and our continued unwavering commitment to compliance with this legislation is deeply ingrained in the operational culture of the CEF Group. In pursuit of our objectives, we continue to actively cultivate strategic partnerships through Government-to-Government (G2G) platforms, as outlined in bilateral agreements with shareholder countries. Additionally, as recently announced by Honourable Minister Mantashe, the cultivation of other strategic partnerships also includes Public Private Partnerships (PPP). The concept of using borrowed capital as a funding source is a well-known and well understood notion.

Financial Leverage is used when businesses invest in themselves for growth purposes. Leverage is also an investment strategy that uses borrowed funds to increase potential returns of an investment. Accordingly, CEF Group continues to collaborate with both local & international commercial financial institutions; we have cemented our collaborative relationships with a number of both local & international development finance institutions (i.e. other sister-SOEs the likes of Development Bank of South Africa Ltd and the Industrial Development Corporation Ltd) to secure favourable terms for (i) on-balance sheet funding like senior, mezzanine & junior term loans, (ii) off-balance sheet funding like project financing, (iii) other relevant financial products, and (iv) indirect transaction advisory, thereby augmenting the financial strength of the CEF Group.

Our financial decision-making continues to revolve around achieving a positive Net Present Value (NPV), maintaining a low Weighted Average Cost of Capital (WACC), attaining an Internal Rate of Return (IRR) that meets or exceeds our predetermined hurdle rate, and ensuring positive cash flow generation. These guiding principles continue to inform our approach to managing Financial Capital within the organisation.

Industrial Capital

The global energy challenges experienced in the last five years have demonstrated the need for investment in technology and well-resourced research and development capability across the energy value chain. In this era, potential disrupters include geopolitical uncertainty, the emergence of new technologies, while as the sector contends with policy and regulatory shifts in the prevalent macroeconomic environment. Diversified ransportation and storage infrastructure is catalytic in the context of current trends in downstream industry within oil and gas. Leveraging innovation through strategic collaboration and partnerships, CEF Group continues to engage relevant stakeholders to invest in key energy infrastructure (including LNG Terminals at various ports in the country) and revitalise the operations of its industrial assets.

Industrial Capital

The CEF Group employs abundant talent to support the company's vision and deliver on the shareholder's mandate of a secure energy supply for the country. The Cabinet-approved merger of iGas, PetroSA and SFF will consolidate the technical and commercial expertise of the three entities and capture the more than R10 billion revenue opportunities in the South African energy market. The CEF Group human resources/capital policies and procedures are regularly reviewed and updated to ensure alignment with relevant statutory regulations and also to ensure increased employer and employee shared value is created. CEF Group has created a conducive and enabling environment for all employees to personally develop through academic and on-the-job training using the budgeted financial resources.

Social Capital

CEF Group defines the relationship with its stakeholders as a win-win partnership in delivering the transformational imperatives set out in the NDP. The role and responsibility of CEF is to ensure that our people continue to enjoy the benefits of having affordable and sustainable energy resources to drive economic activities, create jobs and improve the life of South Africans. The mega-energy projects being executed, and many in the feasibility phase will deliver much-needed economic benefits to businesses and local communities.

The critical role of small and medium enterprises to create a vibrant economy that creates employment opportunities is sustained at CEF Group through the enterprise development plan that is being reviewed for full implementation during the 2023/24 financial year, led by the office of the GCOO. This enterprise development plan seeks to create a platform for historically disadvantaged companies in the full energy value chain to take advantage of opportunities in the projects that CEF Group executes, in the supply of services and goods required in the planned or approved projects, including a key focus on corporate social investment programmes.

Natural Capital

CEF remains committed to generating business value through the responsible use of natural resources such as water, gas, oil, solar, and wind, while ensuring operational sustainability. Our investment strategy prioritizes the efficient and environmentally sound extraction of oil, gas, and renewable resources, benefiting both shareholders and customers.

A key example of this is the ACWA Redstone 100MW Solar Project through its subsidiary CEF Carbon SOC (RF) Ltd, which generates clean electricity for South Africa in alignment with the national energy policies, including the Integrated Resource Plan (IRP). Similarly, the ROMPCO Gas Pipeline through its subsidiary IGas, which transports natural gas from Mozambique to South Africa, bolsters energy security while maintaining environmentally responsible practices. Furthermore, CEF continues to explore opportunities to enhance fuel refining capacity, aiming to maximize the use of oil and gas, reduce reliance on imports, and strengthen the country's energy security.

Sustainable resource management remains central to our efforts, with a focus on water conservation, carbon reduction, and the adoption of eco-friendly technologies. These initiatives reflect CEF's commitment to balancing economic growth with environmental stewardship, supporting South Africa's transition to a low-carbon energy future.

Operating Capital

The global energy market has been experiencing significant changes due to political, social, and economic challenges facing developed and developing countries.

The Russia/Ukraine conflict has contributed largely to the high increase in energy costs resulting in some of the Europe Union's member countries opting for homegrown energy security solutions and reinvesting in coal power stations for electricity generation. The central banks' decisions to increase interest rates to curtail inflation negatively impact project investment deals due to high debt and capital costs.

CEF SOC continues to assess the energy sector trajectory focusing on domestic opportunities in oil, gas (LNG/LPG), coal, hydrogen, PV, wind, electric vehicles, biomass, hydro and rare minerals. Our belief is centred on our ability to create a platform and special investment vehicles that bring affordable, sustainable and accessible energy resources to the country and the region, to enable economic growth and job creation. The CEF SOC continues to create strategies that support domestic refining capacity for the petrochemical industry ensuring the country is not exposed to high import risks for refined products and the departure of refinery technical and commercial expertise, including the closing down of supporting businesses.

The domestic electricity generation sector continues to experience challenges due to load-shedding and poor operational performance of some of Eskom's power station fleets. These developments place the CEF SOC at the centre of adding value and contributing to the new electricity generation capacity through investing in gas-to-power projects, the construction of LNG import terminals and tank farms in Coega and Saldana ports and contributing to the provision of renewable energies across the country.

SECTION 5:

CEF Group Performance

CEF GROUP PERFORMANCE

OUR PERFORMANCE

The CEF Group Q4 and FYE (Financial Year End) 2023/24 Business Performance Report encapsulates the last quarter of our reporting period for the period under review. It provides a good sense of the **progress or regression** being made with regards to the delivery of our Strategy and Corporate Plan. The 2023/24 Group Corporate Plan is anchored around our **Strategic Horizon of RESET** which sought to addressing underling strategic and operational elements and creating a base for stabilization efforts.

This report covers both financial and operational performance in relation to the initiatives being pursued towards achieving results against pre-determined objectives for the Financial year. It must be noted that the period under review is impacted by a number of external forces but also influenced by key Group priority initiatives that are geared towards achieving our short-, medium-, and long-term objectives. Productivity acts as a catalyst for economic growth and development, enabling countries to produce more with the same resources. It plays a crucial role in bolstering employment opportunities, leading to better wages and improved economic conditions. High productivity also prepares economies to better absorb unforeseen/unplanned events and recover from economic downturns.

Despite global uncertainty fueled by **geopolitical, climate change and economic concerns**, global consumption held up holding up strongly, except in the Eurozone during the period under review. The period under review saw a sequence of **climate records toppling** for both air temperature and ocean surface temperatures, and natural disasters prompting more urgent collaboration around climate change. This was also against the backdrop of rising tensions in the **Middle East** and other parts of the globe. The global economy has been surprisingly resilient, despite significant global central banks interest rate hikes to restore price stability and reign in on stubborn inflation. This was encouraging given that consumer confidence globally looked somewhat subdued in the previous quarter.

It is thus that the I**nternational Monetary Fund** has revised the global growth outlook. The baseline forecast is for the world economy to continue growing at **3.2 percent during 2024 and 2025, at the same pace as in 2023.**

Global consumer inflation eased to around 2–3% among advanced economies and producer prices remain subdued. In the emerging economies, inflation remained under control despite increasing inflationary pressures. In the **BRICS countries**, **India's** headline inflation was unchanged at 5.1%, **Brazil**, inflation fell slightly to 4.50%, Following a two-month upswing, **South Africa's headline inflation softened to 5,3% in March** from 5,6% in February. **Russia's** inflation accelerates to 7.7% reflecting tightening capacity constraints. **China's** consumer prices edged up 0.1% in March 2024, compared with forecasts of 0.4%.

It was a mixed picture for commodities: precious metals and livestock are surging, with gold growing steadily into March, while agricultural prices declined, and other commodities were generally stable. A recent uptick in **global oil prices** was attributed to reduced stocks and market sentiments around the **Israel and Hamas** conflict developments while other energy-related commodity prices were trending down. **Base metal** prices have been moving sideways for more than a year. The cost of food around the world continued to ease but remained close to 20% above pracademic levels.

Global unemployment grew moderately in Q4 albeit the global purchasing managers' index (PMI) seeing **manufacturing growth** return in many economies, while services gained momentum. However, the eurozone and UK manufacturing sectors are continuing to contract on the basis of weak demand. By contrast, the Global services sector expanded in most economies with India the standout performer in Q4.

However, in a year packed with national elections, markets are concerned about political uncertainty-increasingly viewing transitions of political leadership as a primary hazard to the global economy, particularly in Asia-Pacific, Africa, Europe, and North America. Market's view policy and regulatory changes as a top threat to their companies' performance, and they offer more muted optimism than in December about their companies' prospects. As we review the overall Group performance for the period under review and the global economic developments, the following were key drivers and trends that had some impact on our operating environment.

World economic outlook: The world economy had been remarkably resilient with the IMF baseline forecast showing continued growth at 3.2 % during 2024 and 2025, at the same pace as in 2023.

Israel and Hamas War: The conflict continued in Q4, with more than 34 000 Palestinians and more that 2.2 million in risk of famine. The International Court of Justice ('the Court') granted South Africa's Urgent Request for further provisional measures to prevent Israel from causing irreparable harm on the ongoing siege of Gaza. Fears that the war could become a regional war as Yemen and Iran likely to join the fray and the targeting of Israel ships into the Red Sea. Red Sea shipping volume dropped 55 %.

Russia-Ukraine Conflict: The 2-year conflict continued with Russia targeting Ukraine's key energy infrastructure in escalated shelling, against the backdrop of a failed Ukraine counter offensive and constrained financial and military aid and President Putin being unanimously being re-elected. The IMF expects Russia to grow faster than all advanced economies at 3.2% in 2024.

2024 Refining and fuels outlook: A cautious outlook for 2024: The global refining industry had an unexpectedly strong year in Q3 with strong demand recovery especially in diesel and jet fuel and high crack spreads not seen in many years leaving many refiners with strong balance sheets and optimism about the future.

Global Refinery Investments: New refinery projects around the world are expected to continue their development in the short term, mainly due to persisting demand that appears to have not yet reached its peak.

However, the advent of the approaching energy transition has slowed some spending, although the pace of the transition has been slower than anticipated.

Commodity Outlook: Most commodity sub-classes, except for soft commodities, saw significant gains, led by precious metals like silver and gold, which surged by 8.7%. Geopolitical tensions have boosted the energy complex, especially oil prices, while natural gas has been hampered by oversupply and weak demand with Brent Crude prices trading around at around USD 85 bbl.

Renewable Energy: Clean energy investments increased nearly 50%, reaching USD 1.8 trillion in 2023 and growing at around 10% per year across this period. The clean energy economy is a major industrial sector and an important contributor to the global economy with major deployments occurring in China and advanced economies.

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CEF Group Performance (cont.)

Climate Change: March 2024 was warmer globally than any previous March in the data record. Heat, Drought and Disease: Climate Crisis Poses Grave Risks to the Eastern and Southern Africa economies.

Domestic Economy: The South African Reserve Bank unanimously maintained the repo rate at 8.25% on March 27th, 2024, marking the fifth consecutive meeting at 2009-highs, as expected.

Exchange Rate: The South African Rand (ZAR) traded around $18.7 in March 2024 against the US Dollar. The currency found support in rising gold prices amidst geopolitical tensions and inflationary concerns.

Energy Crisis: The load-shedding burden is expected to ease this year, improvement in logistical challenges and less intense electricity supply disruption is hoped to support economic recovery imperatives.

Policy Developments: The Minister of Mineral Resources and Energy announced the extension of the commenting period for the draft Integrated Resource Plan 2023 (Draft IRP) to 23 March 2024. Various engagements took place with all interested individuals and organisations to comment on the Climate Change Bill of 2022.

As an organisation that operates right across the energy value chain, these global and domestic developments have a number of key impacts on the execution of our strategy and operational plans. Elevated oil prices as a result pf geopolitical developments result in a Backwardated market structure which is a futures market occurrence marked by futures contract prices rising above spot prices. This affects the crude oil storage opportunities at SFF as investors and traders are being incentivised to move their stock out resulting in decreased rental fees. High oil prices also impact the importation of finished products and our ability to be competitive and improve margins.

High interest rates benefit the Group in terms of increased interest income but affect our ability to raise key funding for capital projects at competitive market rates. Our Enterprise Risk Management is an ongoing process involving management, employees, and external stakeholders.

This process helps us proactively identify, assess & evaluate, and manage strategic risks, improve decision-making, in pursuit of our mandate and strategic objectives.The diagram below illustrates our Enterprise Risk Management process:

Internal Perspective

The CEF Group Corporate is underpinned by a number of key priority initiatives such as the Merger of IGAS, PetroSA, and SFF to form the SANPC, Stabilization of PetroSA through the War-Room, AEMFC commercial sustainability imperatives and the Group Growth Agenda as well as transformational imperatives to drive a High-Performance organisation, strengthening of governance structures and operational excellence.

The Group overarching scorecard which is an extension of our long-term Group strategy measures several strategic objectives and key results (OKR) that have been consolidated under core strategic themes namely:

Consolidation & Turnaround: Excellent results were obtained for the Shared Services rollout, and the objectives for SA NPC formation were achieved. On the other hand, both PetroSA, and AEMFC did not meet their profit margin targets. AEMFC have actually turned around, but PetroSA has slid further into the decline.

Commercial Sustainability: This strategic theme registered very poor performance overall due to PetroSA missing its finished product sales target. As a result, the targets for Group net profit, blended returns, and debt-to-equity ratio are all missed. Drastic and urgent action is required.

Strategy & Long-term Growth: In this strategic theme, excellent performance is reported both at AEMFC (Coal Sales to Eskom), and CEF SOC (Development of new growth project). The theme also reported very poor performance with the finished product sales at PetroSA.

CEF Group Performance (cont.)

Human Performance & Organisational Alignment: Great performance was achieved for the Human Capital Strategy, and for the Brand Reputation. On the other hand, the target for BBBEEE Level improvement was missed by a wide margin. Most Group entities do not perform well on this KPI, while PetroSA fared worst with Level 9 achievement, versus a target of Level 4.

Operational Excellence: Ceiling performance was achieved for the automation of selected business processes namely the one for Internal Audit and that for business performance reporting. The score for Material Audit Findings will only be known in July 2024, after the AGSA Audit process is concluded.

For FYE 2023/24, the CEF Group achieved an externally audited score of 3.10 out of 5.00 in delivering against our predetermined objectives. Of the 15 KPI Targets, 7 were not met, 1 was partially met, 2 were met, 1 was above target, and 6 were exceptionally above target. The KPI Targets not met have suppressed the Group performance in this FY. A strong and coordinated effort is needed in the short term, if the PetroSA impact on Group performance is to be rectified. This has direct and undesirable impact on the Group going concern status.

Most of the CEF Group entities have performed relatively well, in difficult trading environment and are geared for improved performance and growth in the next planning horizon. The exception is PetroSA, whose dismal performance has affected the overall Group Score due to its size. PetroSA is facing a financial crisis and requires drastic actions and decisions to effectively rescue the business and deal with the underling commercial and operational challenges.

Operational Highlights

Merger Project: The execution of the merger transition activities as per the board approved roadmap are in progress. The appointment of the SANPC and Legacy Board governance structures as well as the SANPC Transitional CEO and finalisation of all Transitional Services Agreements (TSAs) were key milestones reached during this quarter.

GTL Reinstatement progress: The GTL re-instatement project is still on schedule, with a focus on the 36 000 Bbls/d business case instead of 18 000 Bbls/d. This ensures a positive business case. This change has resulted in the preliminary Final Investment Decision (FID) date shifting from of April to September 2024. A Joint Development Agreement (JDA) was developed with Gazprombank, and under the guidance of Mazars for the GTLR reinstatement.

Coal Volumes Sales: The Vlakfontein mine delivered 3,454,231 tonnes of saleable coal under the Eskom CSA for the fiscal year, topping the 2,500,000 annual target by 38%.

Due to limitations imposed by the Coal Supply Agreement (which is currently being renegotiated), the fourth quarter actual was 244,382 tonnes of saleable coal delivered to Eskom, against a quarterly target 625,000 tonnes (44% below target).

ROMPCO Transportation volumes: The previous quarter volumes were 6.04% below budget, resulting in the current volumes year to date volumes being 1.85% below budget. This regression from the previous year-to-date marginal oversupply is the result of monthly volumes across the quarter being lower than budget.

Revenues: For the period ended 31 March 2024, iGas generated a net profit of R854 million, which is higher than the budgeted net profit of R690 million.

Gas importation from Mozambique: Work on the opportunity to import gas from Mozambique continued during the reporting period. The gas trading license was approved by the National Energy Regulator of South Africa (NERSA), and it will be issued to PetroSA in April 2024.

Operations at Saldanha: The Saldanha Terminal successfully handled eight (8) vessels during Q4 without any incidents. Continuing on a trend of successful loading / off-loading operation

UPRD Bill supported by the Council of Provinces: On 28 March 2024, the Select Committee on Land Reform, Environment, Mineral Resources and Energy held a virtual meeting to finalise the Upstream Petroleum Resources Development (UPRD) Bill. The Bill was adopted without any amendments and would subsequently be referred to the President for assent.

Tabling of 2022/23 AFS: The CEF Group Annual financial Statements (Report) and the CEF Group audit outcome for 2022/23 was presented to the portfolio committee were tabled to the Parliamentary Committee on mineral Resources and Energy (PCMRE). The report was well received, and the PCMRE praised CEF for the much-improved overall performance, while also acknowledging areas of improvement, and requiring such.

Engagements with AGSA to strengthen relationship: Extensive engagement with AGSA was carried out to strengthen the relationship, and to ensure lockstep engagement with the Internal Audit function.

New Performance Management system: As part of initiatives for strengthening oversight monitoring and evaluation, CEF has procured an automated performance management system and will provide corporate performance line of sight across the entire value chain. The system is already rolled out to Internal Audit, Risk Management, and Company Secretariat. Future rollout will extend to other CEF entities, and to EXCO and Board.

Operational Performance Summary

The CEF Group uses an Objectives and Key Results approach which emphasizes the tangible core output. Delivery against predetermined objectives in line with the Group Scored resulted in an externally audited aggregate score of 3.10 out of 5.00 This score reflects a mixed results of areas of success, strongly accentuated by the dismal operational performance in the PetroSA finished product business with impacts on net profit, blended return, and the debt-to-equity ratio financial targets.

Group Growth Agenda

Although various projects were advanced to their next stages during Q4, across the CEF Group entities, as we move into the next phase of the **Group Strategic Horizon of Scaling Up For Growth focus will shift towards increased speed of execution and implementation**.

We continue to keep a watching brief on the lingering global economic and geopolitical concerns and their impact to our operating environment and on the identified projects and opportunities. The Group Growth Agenda is geared towards the strengthening of our long-term commercial sustainability and is underpinned by our Investment Philosophy and the building of the **Business of Tomorrow whilst bolstering the Business of Today**.

The current active projects include among others:

- GTL Reinstatement Project (Where Gazprom bank is involved to advance the project)
- ACWA Redstone CSP Project (Which is expected to reach COD in December 2024)
- Coega LNG Import Terminal Project
- Berth 104 & LPG Pipeline
- Komatipoort 1000MW, Gas to Power Project
- PetroSA Farm Outs
- Lot100 – Durban LPG Import Terminal
- Acquisition of SAPREF Refinery
- Lubricants business growth initiative (Blendtech)
- Gas Importation from Mozambique
- Tetra4, Renergen Project

The CEF Group will in the future continue to unlock the value included in the provisions of the CEF Act to increase both market participation and footprint. Other levers that will be utilized include:

- Partnerships, and other external synergies to leverage capital.
- Internal process improvements.
- Internal synergies, and,
- Other strategic tools for project evaluation, delivery, management, investment, and exit.

PetroSA Turnaround

Over the past couple of reporting cycles there has been incremental business performance improvements at PetroSA. However the performance of Q3 and Q4 have exposed some of the fundamental challenges with the underlying current PetroSA business model in aggressively driving the desired strategic stabilization and turnaround of the entity. Drastic interventions are required. Deeper insights will be required to understand the key challenges of DAS, Demurrage and Accounts Payable and how these can be addressed and corrective action taken where mismanagement was detected.

For the financial year ended 31 March 2024, PetroSA Group recorded a net loss of R2.2 billion which is lower than the budgeted net profit of R2.6 billion. The lower than budgeted for return is due to the gross profit being lower than budgeted for. For PetroSA company, sales for the period under review were 47% below budget. This was mainly due to the following:

- Unrealised sales from new products such as kerosene, HFO and lubricants.
- The planned sales for the International Business did not materialise due to the lack of a trading facility.
- Commercial sales were also lower due to competitors offering higher discounts in the hospitality depots.

PetroSA continued to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further improve the downstream business and related margins.

Sales volumes for the period under review were 66% lower than budget at 311,778m3 (Budget: 929,674m3) due to unrealised sales from new products such as kerosene, HFO and lubricants. In addition, the planned sales for the International Business for the quarter did not materialise due to the lack of a trading facility. Commercial sales were also lower due to competitors offering higher discounts in the hospitality depots. Eskom was the main contributor to the sales, accounting for 42% of the total sales for the quarter.

PetroSA continued to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further improve the downstream business and related margins. During the period under review, engagements were held with the Airports Company South Africa (ACSA), Transnet, Department of Defence (DoD) and Eskom.

As a result, the going-concern status of the Group is severely impacted. Drastic action will be needed to reinstate the turnaround programme and to achieve its intended results. With the appointment of the new PetroSA CEO it is hoped that much needed stability and direction will be made with regards to the arduous task of turning around the entity. This will be no mean feat and the necessary support will be required to assist with navigating the entity through rough terrain.

GTL Refinery Reinstatement

The reinstatement of the GTL Refinery project includes the development of an optimum techno-economic solution, refurbishment of infrastructure, modification, possibly upgrade, and/or operation of the GTLR. In December 2023, Cabinet has endorsed PetroSA's recommendation to select Gazprom Bank Africa as an investment partner for the reinstatement of Mossel bay GTL & Refinery, subject to a bankable business case. During the period under review, Gazprom presented a high-level plan from feasibility to start-up of the refinery; **the project will focus on 36 000 bpd business case instead of 18 000 bpd to ensure a positive business case.** This change has resulted in the pre-liminary FID date from of April to September 2024 to allow a detailed FEED study to be concluded.

Merger Project

In line with the Board approved project Milestones and Roadmap, which stipulates the key phases of the project, the following was achieved during the period under review. Appointment of the SANPC and Legacy Board governance structures as well as the SANPC Transitional CEO to operationalize the new entity. This enabled developments for the nomination process to commence on the Transitional Executive Team who would be responsible for the entity's day to day operational activities.

The S51 process was initiated with the National Treasury to support efforts to recognize the SANPC as a Schedule 2 entity to be able it to conduct commercial transactions. Finalization of the Employee Transition strategy detailing how employees will transition to the SANPC in line with the Labour Relations Act prescripts.

To enable the SANPC to support core operationalization activities, all Transitional Service Agreements (IT, HR, Legal & Compliance and Finance) have been signed and finalized. Fair value assessment of assets & contracts and financial modelling are being finalized, which will pave the way for the negotiation process between the SANPC and merging entity management teams. Preparation for Union Consultation engagement is work in progress.

Human Capital

Key focus areas include staffing movements, labour costs, training expenditures, employee relations, merger activities and establishment of the SANPC, employee wellness, performance management, and Shared Services. Wellness events are critical in maintaining employee health, both mental and physical, which in turn can contribute to overall productivity and job satisfaction.

For PetroSA in particular, throughout the 2023/2024 FY a high number of employees with no history of mental illness were admitted at psychiatric institutions for major depression and suicide attempts whilst some were treated by personal doctors as outpatients.

This situation cuts across from junior employees to executive level within the entity and it may be attributed to the employee anxiety brought about by the ongoing merger of the entity into the formation of the SANPC. Towards addressing these issues, a number relevant of human capital policies, strategies, and initiatives, were approved and their implementation started during the FY.

Legal, Compliance & Governance

The UPRD Bill: On 28 March 2024, the Select Committee on Land Reform, Environment, Mineral Resources and Energy held a virtual meeting to finalise the Upstream Petroleum Resources Development (UPRD) Bill. The Bill was adopted without any amendments and would subsequently be referred to the President for assent.

Establishment of the SANPC: Key appointments were made as part of establishing the SANPC. These include the PetroSA CEO, SANPC Board and Transitionary CEO.

Policies approved by the CEF Board: During the quarter under review, the Board APPROVED as follows:

- CEF SOC Patch Management Policy
- CEF SOC Firewall Management Policy
- CEF SOC IT Strategy
- CEF Projects Investment Policy
- CEF Group Enterprise Business Development Framework

In all instances where a subsidiary does not have its own policy or procedure, the policies and procedures of CEF SOC as the holding company will also apply to the subsidiary.

The 2024/25 Financial period will see the CEF Group continue to focus efforts around the Turnaround of PetroSA, Merger Project Implementation, Group Growth Agenda and operational excellence

CEF Group Performance (cont.)

CEF Group Externally Audited Scorecard

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
Consolidation and turnaround (20%)	Execution of the CEF SOC repositioning Shared service model	Strategic projects contributing R40 mn to operating profit by FY26/27 (through revenue uplift and/or cost reduction)	Implementation of the approved CEF SOC repositioning shared services roadmap.	5,0%	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1	Implementation of the approved CEF SOC repositioning shared services road map Phase 1: (10% lifting)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (10% standardization)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (20% standardization)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (40% standardization)	Shared services execution has commenced as per the implementation road map in the following: • The PASA payroll have successfully be lifted to CEF for the entire organisation. • Wellness and Diversity programme have been commenced with AE to ensure collaboration and alignment. • Policies have been developed and shared with subsidiaries for inputs and adoption where possible.	5,00
	Stabilisation and turnaround of PetroSA to achieve positive net returns and revenue stream diversification	PetroSA achieves and maintains net profit margin of > 12% from FY23/24 onward	PetroSA Company net profit margin = 4%	5,0%	Net profit margin less than 0%	Net profit margin = 2%	Net profit margin = 4%	Net profit margin = 6%	Net profit margin = 10%	A Net Proft Margin of -4.8% is realised. I.e., a Net Loss. Target sales were below budget	1,00
	Stabilisation and turnaround of AEMFC to achieve positive net returns and revenue stream diversification	AEMFC achieves and maintains net profit margin of > 12% from FY23/24 onward	AEMFC Company net profit margin = 10%	5,0%	Net profit margin less than 6%	Net profit margin = 6%	Net profit margin = 10%	Net profit margin = 12%	Net profit margin = 14%	The realised net profit margin of 2.54% well below target. This shortfall is mainly attributable to the unfavourable gross profit, which adversely affected the bottom line despite operating costs being lower than budgeted.	1,00
	Consolidation of IGAS, PetroSA, & SFF to form the South African National Petroleum Company (SA NPC)	SA NPC Incorporation. Realise an SA NPC revenue of R40 Bn by 27/28	SA NPC Incorporation and Board Approved Implementation Plan	5,0%	Implement 30 % of Phase 2 of the merger project	Implement 60 % of Phase 2 of the merger project	Implement 100 % of Phase 2 of the merger project	Commence implementation of Phase 3 of the merger project	Implement 30 % of Phase 3 of the merger project	During the period under review key milestones were achieved as part of the SANPC incorporation process. • Engagements with National Treasury and the submission of the Draft S51 Application for comment and input, • Appointment of the SANPC and Legacy Board. • Transitional CEO Appointment; • Commencement of Asset Fair value assessments,	3,00

CEF Group Performance (cont.)

CEF Group Externally Audited Scorecard

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
										• S197 Employee Transition strategy and • Transitional Services Agreements sign offs.	
Commercial Sustainability (25%)	Improve profitability through revenue, cost and Capital Expenditure optimisation by increasing the Group's ROIC to 15% in 2027/28	Record R3,2 bn net profit by FY 27/28	R2,44 bn net profit	8,0%	Net Loss more than R1 billion	Net Profit of R1 billion	Net Profit of R2,44 billion	Net Profit of R2,5 billion	Net Profit of R2,6 billion	The Group generated a net loss of R522 million which is lower than the budgeted net profit of R2.4 billion.	1,00
		Achieve blended return on invested capital (ROIC) of 15% by FY 27/28	Blended return on invested capital = 7%	9,0%	Blended return on invested capital less than 4%	Blended return on invested capital = 4%	Blended return on invested capital = 7%	Blended return on invested capital = 8%	Blended return on invested capital = 9%	The Group return is currently below the cost of capital of 14% at -1.4%.	1,00
		Ensure debt-equity ratio of 60% equity, 40% debt by FY 27/28	Ensure debt-equity ratio of 60% equity, 40% debt by 26/27	8,0%	Debt : Equity Ratio of less than 55% Equity	45% Debt and 55% Equity	40% Debt and 60% Equity	35% Debt and 65% Equity	30% Debt and 70% Equity	The total debt to total equity ratio is 67% total debt: 33% total equity.	1,00
Strategy & long-term growth (25%)	Increase market share while growing profitable revenue	R2.7 billion income from new business	2 Board approved business development opportunities commercial proposals	15,0%	One EXCO business development opportunities commercial proposals during Q1	Two EXCO business development opportunities commercial proposals during Q1	Two Board approved business development opportunities commercial proposals by Q4	Two Board approved business development opportunities + Two additional supported at EXCO	Two Board approved business development opportunities + ONE additional supported at FIPP	More than two business development opportunities were approved by Board during the year, below are examples.• The Board approved that CEF acquire up to 39% equity (an IBS Crafts (Pty) Ltd sponsored project) in the Project Development Company SPV.• The Board approved the Partnership for Transnet Request for Proposal ("RFP") – Durban Island View Liquified Petroleum Gas Import Terminal. Concession FID in progress for more than two projects (including Pecan Energies, Energy Venture Capital (Pty) Ltd /RH Bophelo and Samancor).	5,00
		Grow existing market share	AEMFC – Supply Eskom in terms of the Coal Supply Agreement (CSA) with 2.5 million tons of thermal coal per annum	5,0%	Supply less than 2 million tonnes of thermal coal to Eskom	Supply cumulative 2 million tonnes of thermal coal to Eskom	Supply cumulative 2.5 million tonnes of thermal coal to Eskom	Supply 2,8 cumulative million tonnes of thermal coal to Eskom	Supply 3 cumulative million tonnes of thermal coal to Eskom	The mine delivered 3,454,231 tonnes of saleable coal under the Eskom CSA for the fiscal year, topping the 2,500,000 annual target by 38%. The 38% margin would have been higher if Q4 performance was not scaled down to accommodate CSA imperatives.	5,00

CEF Group Externally Audited Scorecard

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
		Grow existing market share	3.5 billion litres of finished product sold	5,0%	Less than 3 billion litres of finished product	3 billion litres of finished product	Cumulative 3.5 billion litres of finished product	3.6 billion litres of finished product	3.8 billion litres of finished product	YTD sales volumes were 1.6 billion litres vs. a target of 3.5 billion litres. This is due to unrealised sales from new products such as kerosene, HFO and lubricants. Then, the planned sales for International Business for the quarter did not materialise due to the lack of a trading facility. Commercial sales were also lower due to competitors offering higher discounts in the hospitality depots.	1,00
Human Performance and Org alignment (20%)	Implement improvements towards a High-Performance Organisation.	80% implementation of Human Capital strategy	Effective and efficient management of human capital	10,0%	EXCO Approved Human Capital Strategy	HRRN & Board Approved Human Capital Strategy	Awareness and communication of the Approved Human Capital Strategy	10% implementation of Human Capital strategy	30% implementation of Human Capital strategy	58% of the human capital strategy road map deliverables for 2023/24 were implemented in contrast to the contracted 15%. This % is based on 12 deliverables of which the following 7 were implemented: - Automation of recruitment process - Implementation of the Annual Training Plan through Individual Development Plans - Implementation of leadership programmes in the form of Coaching & Earner gram - More 80% of the individual Development Plans implemented covering over 100 employees - Consistent entity and group reporting without fail. - Implementation of CEF Benefits & Recognition Policy through the Inaugural CEF 2023 Awards - Employee Engagement Survey Conducted	5,00
	Improve stakeholder and community relations to achieve net-positive sentiment with key constituents	Improve BBBEEE level from level 4 to level 1 by FY26/27	Overall BBBEEE Level 4 rating	5,0%	BBBEEE Level higher than 5 rating	BBBEEE Level 5 rating	BBBEEE Level 4 rating	BBBEEE Level 3 rating	BBBEEE Level 2 rating	• BBBEEE Improvement Plan continues to be implemented. • Improved appointment of women at the Senior, Middle and Junior Management levels on full time or acting basis. • There is focus on preferential procurement where certain aspects of	1,00

CEF Group Performance (cont.)

CEF Group Externally Audited Scorecard

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
										goods and services are exclusively procured from 51% black-owned and managed companies. • Socio-Economic Development is ongoing.	
		Brand Reputation Score of 80%	Conduct Brand Reputation assessment	5,0%	Perform Brand Reputation survey	Analysis of results and develop action plan	Implement 50% action plan	Implement 65% action plan	Implement 70% action plan	The CEF Group Corporate Survey closed for inputs by the end of January 2024. A draft report was then presented for review and inputs. A few suggestions and reviews were suggested in order to provide an average score of the CEF Group of companies and not just the subsidiaries. The inputs were incorporated into the report and a final report.	5,00
Operational Excellence (10%)	Increase in organisational efficiency and productivity to ultimately drive average revenue per FTE to 15% by FY27/28	Achieve at least 80% digital automation of all eligible business processes by FY26/27	Automate a cumulative 25% of selected processes by year-end	5,0%	Automate a cumulative 10% of selected processes by year-end	Automate a cumulative 15% of selected processes by year-end	Automate a cumulative 25% of selected processes by year-end	Automate a cumulative 35% of selected processes by year-end	Automate a cumulative 50% of selected processes by year-end	The selected processes were for business performance management, ad for Internal Audit. 100% of the selected processes are automated successfully.	5,00
	Improve investment control and corporate governance	Reduce material audit findings to zero (0) by FY 26/27, achieving and maintaining a clean audit for the Group	No more than 2 material audit findings on CEF Group financials and operations	5,0%	More than 3 material audit findings on CEF Group financials and operations.	3 material audit findings on CEF Group financials and operations.	2 material audit findings on CEF Group financials and operations.	1 material audit findings on CEF Group financials and operations.	0 material audit findings on CEF Group financials and operations.	The Audit process for FY 2023/24 is concluded. There was NO material audit findings for CEF Group	5.00

3.10 /5.00	
62.0%	

Managing Our Stakeholders

As the holding company, CEF realises the importance of stakeholder inclusivity, stakeholder identification and determination of expectations and needs as part of its overall strategy. In mitigating the growing expectations of its critical stakeholders/partners, the entity had to adopt a new paradigm shift from uncoordinated stakeholder approach to a more inclusive and coherent integrated process that is geared to set the group on a win-win trajectory for all interested parties. The focus was on improving the brand equity index and the reputation for CEF Group and thus drive commercial value by being a credible and reliable supplier, stakeholder and corporate citizen. To this effect the Group has worked to maintain stakeholder trust and confidence at all times. We have accordingly engaged the stakeholders mentioned above during the course of 2023/24 financial year:

Stakeholder	Strategic Relevance to CEF
Department of Mineral Resources & Energy	The Communication and Stakeholder Division participated in the DMRE's communicator's forum. The platform was to share upcoming plans and provide collaborative efforts and partnerships for the new financial year to support collaborative efforts amongst the department's stakeholders.
IX Engineers	CEF met with the shareholder of IX Engineers, who expressed interest to work with on Renewable Energy Projects. Teams from both CEF and IX Engineers also met to collaborate on projects such as the Thezi-Langa (Solar PV-100MW) and Swartberg (Wind-10MW).
Bester Africa	Bester Africa, a leading provider of solar technology and solutions for industrial and commercial purposes in Asia, had an engagement with the CEF, to discuss possible collaborations on projects.
GIZ	CEF and PetroSA, attended a sustainable aviation fuel training facilitated by GIZ during the period under review. The training covered aspects of the production chain (feedstock availability, chemical processes, certification) as well as policy instruments, certification, and practical plant construction issues. A particular focus on e-SAF via the PtL Fischer Tropsch Route was highlighted in the training. The link to overall Sustainability concerns according to the EESG framework was established, with the goal to reflect on each country's development potential regarding SAF Production
ACWA	CEF Project Management Unit had a site visit at ACWA Redstone premises in Northern Cape as part of the ongoing collaboration and partnership that the two entities entered into.
ECIC	As part of business development activities CEF, had an interactive session with the Export Credit Insurance Corporation Soc (ECIC). The objective was for ECIC to make a presentation on their offering with the aim of identifying areas of collaboration, especially on cross-border transactions and export trade finance facilities.
DBSA	CEF met DBSA representatives to explore and advocate for Gas projects for funding support.
African Pioneer	Investment and Business Development team had an engagement with African Pioneers for purposes of business development. CEF has identified two potential projects to be added to CEF's pipeline for the next quarter.
NERSA	Investment and Business Development team and PetroSA Trade division had an engagement with NERSA to gather input, address concerns, and build support for the application of maximum pricing. This application aims to cap the price at which PetroSA can sell gas
National Treasury	Investment & Business Development, Energy Projects Division and Project Management Unit attended PPP training for three days (26-28) June 2024 facilitated by National Treasury. The training covered contract management, feasibility studies, standardization, risk management and project finance, with the aim of helping public and private entities to structure their collaborations on projects.
SAPREF	CEF delegation had a site visits to the SAPREF premises as part of finalizing the acquisition deal of the refinery assets.
SANPC	SANPC engaged subsidiary stakeholders, namely PetroSA on the change management campaign which is to be undertaken as part of the merger

To further implement the strategy, CEF has continuously engaged with the shareholder and different spheres of government including National Treasury to ensure alignment of company objectives to those of the shareholder. Under the Human Capital Strategic Pillar of Engaged and High Caliber employees, the organisation has also continued to interact, inform and involve employees on topics around business performance through various employee forums. Through regular communication and consultations with Labour Unions on issues impacting their constituencies, the relationship has strengthened. As a result, the organisation has experienced minimal labour related disputes and remains stable.

We have responded to media queries and afforded the media airtime to openly discuss issues as requested. We have complied with the provisions of the Promotion of Access to Information Act, in relation to any requests for Information. CEF Group will strive to create and maintain sustainable, harmonious relationships with our stakeholders, both internal and external as depicted in this matrix:

Group Human Capital Report

The role of Human Capital as a strategic business partner involves aligning its tactical operations with the overall business goals to drive organizational success. As a critical partner to the business, Human Capital forms an integral part of the organisational machinery to drive and deliver on CEF Group Strategy. Central to its efficiency within the organization, Human Capital Management is a key player in facilitating the creation of a High-Performance Organisation (HPO) to ensure the attainment of the organization's strategic objectives. Therefore, this section provides a reflection on the role played by Human Capital as a trusted and reliable business partner to enable the CEF Group to achieve its 2023/2024 Corporate Performance targets.

The key Human Capital highlights for the 2023/24 financial year are as follows:

Employee Population: The Group has recorded a decrease in the employee headcount from 1548 of the previous financial year to 1518 as at the 31st March 2024. This represent just over 1.9% decrease and it was occasioned by various events such as resignations, retirements, end of fixed term employment contracts and dismissals. The Group's annual employee turnover rate during the reporting period is 7.7% which is much lower that the reported 16.6% turnover rate experienced by the South Africa's formal employment sector in 2023.

Employment Equity: 66% of CEF Group employee population was represented by Africans followed by Coloured at 24% with Whites accounting for 8% whilst Indians are represented at 2% which is the lowest. This racial representation remain relatively unchanged from the previous financial year with Africans still being the most represented within the Group. Notwithstanding the dominance of Africans within the Group, African representation is still lower than the National Economic Active Population (NEAP) target of 80% for both males and females combined.

Labour Costs: For 2023/24 FY, CEF Group incurred the total labour costs amounting to R1 253 594 513.92.50 which is a decrease from R1 290 956 000 in the 2022/23 financial year. This decrease is as a consequence of the reduction of the Group employee population from 1548 in 2022/33 financial year to 1518 during the reporting period.

Skills Development and Training: For the financial year ending on 31st March 2024, the Group has invested R22 222 956.40 on skills development and training which is an increase from R15 998 244.96, in the previous financial year (2022/23). This increase demonstrates the Group's commitment to enhancing the skills and capabilities of its workforce, ensuring they are well-equipped to fulfil the company's mandate effectively.

Employee Relations: The state of employee relations within the CEF Group was relatively calm with no disruption incidents during the reporting period. However, and notwithstanding these peaceful prevailing employee-employer relations and the stable labour environment within the CEF Group, there is need for continuous efforts to ensure that the workforce feels valued, supported, and empowered.

This is particularly the case with the workforce from the entities affected by the merger of PetroSA, iGAS and Strategic Fuel Fund as preparations for their transfer to the newly formed SANPC through implementation of section 197 of the labour Relations Act takes shape.

Employee Relations: In contrast to the previous financial year wherein 29 employee relations incidents were recorded, for 2023/24 financial year there was a total of 46 employee relations events. This represents an increase of 58.6%.

Merger and SANPC Establishment: Engagement with the employees at the entities affected by the merger have taken place in the previous financial year through Town Hall sessions. These entities are PetroSA, IGAS and Strategic Fuel Fund and CEF SOC as the holding Company facilitated the sessions.

Of significant is that the SANPC Board and Transitionary CEO have been appointed whilst the appointment of the SANPC EXCO Members is envisaged in the next financial year.

Shared services: Engagements regarding the implementation of Centres of Excellence were completed with divisional heads at AEMFC and CEF SOC, setting the stage for enhanced operational efficiency and support across the Group. Service Level Agreements for payroll administration have been signed with PASA, IGAS and Strategic Fuel Fund.

Our Human Capital Strategy

The CEF Human Capital Strategy aims to support the Corporate Strategy seeking to reposition the Company to act as a parent, investor, and development player while adhering to its legislative mandate. In support to this organizational strategic shift, the Human Capital function align itself as a strategic business partner to drive organizational success and improve employee satisfaction. This inter-alia involves fostering a high-performance culture, promoting collaboration across teams, and inspiring a renewed sense of belonging and holistic employee wellness. The focus areas for Human Capital within the CEF Group are as follows:

The successful execution of Human Capital strategic focus areas as illustrated above indeed relies heavily on the integration of technology and policy realignment.

Through the adopted Integrated Talent Management Framework, the CEF Group effectively align its Human Capital strategies with its overall business objectives, leveraging technology and policy realignment to create a skilled, competent, and engaged workforce.

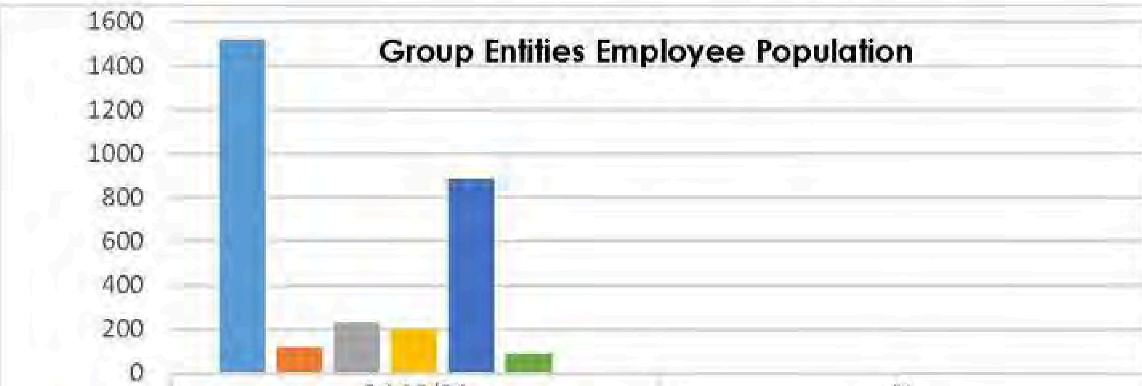
The following is the Integrated Talent Management Framework, which the CEF Group subscribe to:

In applying the integrated framework as depicted above, the CEF Group envisage to successfully source and develop talent into a formidable, productive workforce that is likely to find a long-term home within the organization. This approach not only enhances employee satisfaction and retention but also drives organizational success and growth.

Group Employee Population

At the end of the financial year 2023/24 on the 31st March 2024, the cumulative Group employee population was 1518 compared to 1548 in the financial year 2022/23`, and this represents a decrease of 1.9%. This population is a representation of permanent, fixed term and short-term employment.

The highest employee population within the Group is located at PetroSA, which accounted for 58.10%, followed by AEMFC with 15.09%. whilst iGAS was the lowest at 0.19%.

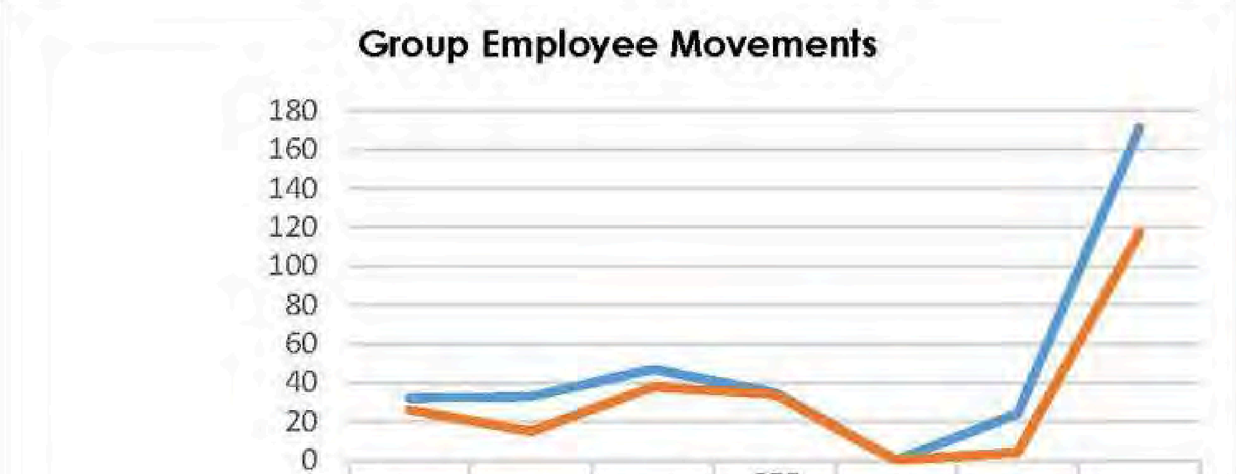


	Q4 23/24	%
Group	1518	
CEF SOC	118	7,77%
AEMFC	229	15,09%
SFF	199	13,11%
PetroSA	882	58,10%
PASA	87	5,73%
iGAS	3	0,20%

Figure: CEF Group employee population for 2023/24 FY

Employee Movement

- A total of 117 employees were terminated in 2023/24 FY and this contributed to population reduction by 1.9% from the previous financial year.
- AEMFC experienced the highest terminations within the Group, averaging 32%, whilst PASA experienced the lowest with 3.4%.
- A total of 171 employees were appointed in the 2023/24 FY, of which AEMFC accounted for the highest appointments at 27% whilst the lowest was PASA with 14%.
- The Group's annual employee turnover rate during the reporting period is 7.7% which is much lower that the reported 16.6% turnover rate experienced by the South African employment sector in 2023.



	PetroSA	SFF	AEMFC	CEF SOC	iGAS	PASA	
Appointments	32	33	47	35	0	24	171
Terminations	26	15	38	34	0	4	117

Figure: CEF Group terminations and appointments for 2023/24 FY

Group Diversity Status

Racial Profile

- 66% of CEF Group employee population was represented by Africans followed by Coloured at 24% with Whites accounting for 8% whilst Indians are represented at 2% which is the lowest. This racial representation remain relatively unchanged from the previous financial year with Africans still being the most represented within the Group.
- Of the 66% African representations, PetroSA has employed the largest at 48% followed by AEMFC at 22%.
- Appointment of the Foreign Nationals accounted for 1% within the Group of which 75% was located at PetroSA with the remaining % was employed at AEMFC.
- African representation is lower than the National Economic Active Population (NEAP) target of 80% for both males and females combined.

Group Racial Profile

	African	Coloured	Indians	White	Foreign Nationals	Totals
PetroSA	483	280	17	93	9	882
AEMFC	221	3	0	2	3	229
SFF	135	48	2	14	0	199
CEF SOC	108	5	3	2	0	118
PASA	52	31	2	2	0	87
iGAS	2	0	1	0	0	3
Group	1001	367	25	113	12	1518
Group%	66%	24%	2%	7%	1%	100%

Figure: CEF Group racial profile in 2023/24 FY

Gender Profile

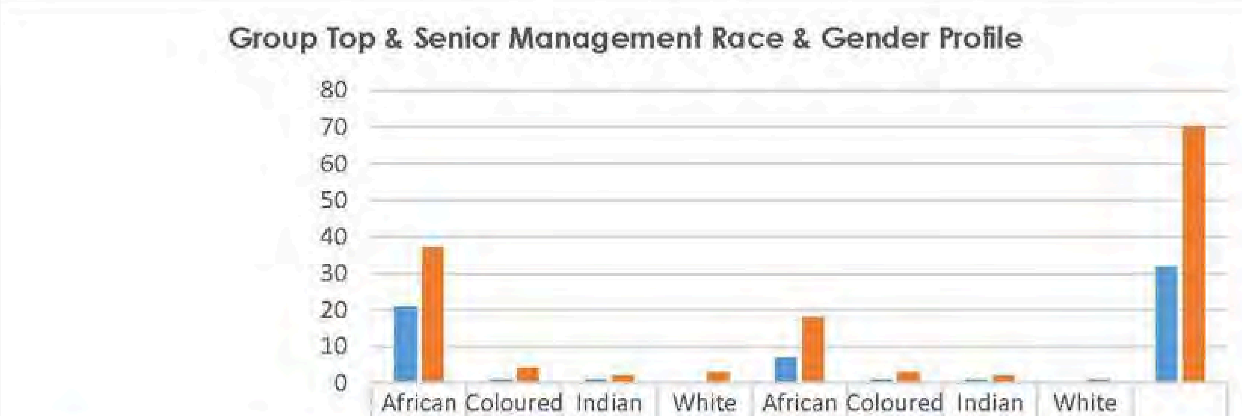
- In contrast to the previous financial year, male representation within the Group decreased from 67% to 62% whilst female representation increased from 33% to 38% in the financial year 2023/24. The improvement in female representation denotes the Group's efforts to achieve a balance gender profile in its workforce.
- The NEAP report shows that male account for 54,5% whilst female account for 44,5% and relative to the Group representations, there is an overrepresentation of males at 7.5% and under-representation of females at 6.5%. This, therefore, suggests that through Employment Equity plans, there is a need to intensify the targeted appointment of females within the Group.
- Of 62% male representation, PetroSA accounts for 65% which is the highest within the Group whilst PASA employ the highest % of females at 49% against the overall 38% of the Group.

	SFF	AEMFC	PetroSa	CEF SOC	PASA	iGAS
	199	229	882	118	87	3
	93	75	307	53	43	2
	106	154	575	65	44	1
Total Q4 23/24 Male	53%	67%	65%	55%	51%	33%
Total Q4 23/24 Female	47%	33%	35%	45%	49%	67%

Figure: CEF SOC gender profile of 2023/24 FY

Gender Profile: Top & Senior Management

- The number of employees appointed at the top management population was 32 translating to 2.1% of the Group total headcount which remains unchanged from the previous financial year.
- Of this 32, 66% is accounted for by African males whilst Indian and Coloured males each account for 3.1%. Relative to female representation, African females account for 22% whilst both Indians and Coloured represent 3.1% each. As regards to white population, there is no representation at top management which is an area of improvement.
- In terms of Senior Management representations, the overall group population is 70 which translate to 4.6%. Of this 70, 53% is accounted for by African males followed by Coloured males at 5.7% whilst White males account for 4.2%. Relative to female representation, African females account for 25.7% followed by Indians with 4.2%. Unlike White males, there is 1.4% representation of White females at senior management.

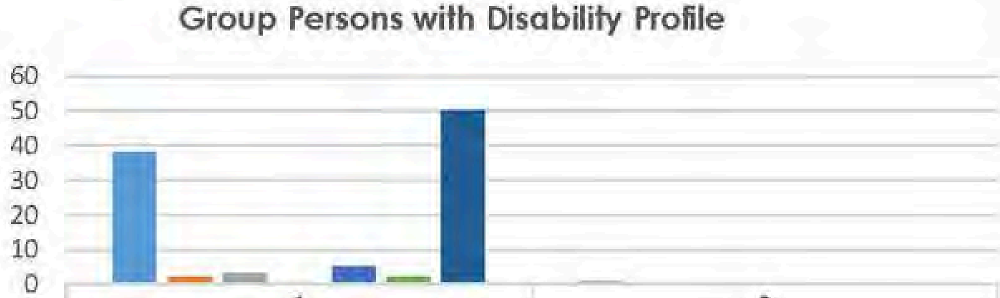


	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management Group	21	1	1	0	7	1	1	0	32
Senior Management Group	37	4	2	3	18	3	2	1	70

Figure: CEF SOC gender profile: Top and senior management for 2023/24 FY

Disability Profile

- Persons with disability accounted for 3% of the Group employee population relative to the national target of 2%. This is an improvement of 1% in the previously financial year 2022/23.
- Of this 3% of persons with disability, PetroSA house the highest with 76% followed by SFF at 10% and CEF SOC at 6% whilst iGAs has 0% representation of persons with disability.
- The Employment Equity target for Persons with Disabilities is set at 2% per employer; thus, CEF Group representation is on target.



	1	2
PetroSA	38	76%
AEMFC	2	4%
CEF SOC	3	6%
IGAS	0	0%
SFF	5	10%
PASA	2	4%
Total	50	3%

Figure: CEF Group persons with disabilities for 2023/24 FY

Age Profile

- Of the 1518employee headcount during the reporting period, 38% are aged between 36 and 45 year, thus representing the highest whilst 14% is the lowest % for emploees aged 56 and above. This % representation remains unchanged from the previous financial year.
- The highest % of youth employment aged between 18 and 35 years was located at SFF at 35% followed by CEF SOC at 26% whilst the lowest was with PetroSA at 9%.
- iGAS accounted for 33% of the employee population in the retirement age category above 56 years, thus representing the highest whilst AEMFC accounted for the lowest at 6%.

	PetroSA	SFF	PASA	CEF SOC	iGAS	AEMFC
56+	19%	10%	15%	8%	33%	6%
46-55	36%	18%	31%	21%	33%	21%
36-45	36%	37%	30%	45%	33%	42%
18 - 35	9%	35%	24%	26%	0%	31%

18 - 35 36-45 46-55 56+

Figure: CEF Group employee age profile for 2023/24 FY

Group Remuneration

Group Remuneration Philosophy

- CEF Group's remuneration philosophy applies to employees at all organisational levels, including Executive Members, except for Non-Executive Directors whose remuneration practices are governed by the Shareholder Guidelines.
- For the Group, remuneration encompasses the total guaranteed package of financial benefits paid to each employee on a monthly or annual basis. However, this excludes other varying financial benefits such as overtime, cell phone, shift and standby allowances and a performance bonus. These additional financial benefits are paid according to the specific conditions of an employee's appointment.
- This comprehensive approach ensures that all employees, from junior staff to executive members, are compensated fairly and consistently, while also aligning with broader regulatory guidelines for Non-Executive Directors.

Group Remuneration Framework

CEF Group adopted the following remuneration framework for employee remuneration:

- **Benchmarking:** By comparing the Group's remuneration packages with those in relevant competitive markets, the CEF Group ensures that employee compensation remains attractive and competitive, aiding in the retention and recruitment of top talent.
- **Equal Pay for Work of Equal Value:** This principle is crucial for maintaining fairness and equity within the organization. It helps prevent discrimination and ensures that all employees are fairly compensated for their contributions, fostering a positive and motivating work environment.
- **Market Benchmarking:** Utilizing reputable surveys and appropriate comparator groups ensures that the data used for benchmarking is accurate and reflective of current market trends. This practice helps the CEF Group stay updated with market changes and where necessary, adjust their remuneration strategies.

Through this framework, the CEF Group aims to maintain a fair, competitive, and equitable compensation system that support workforce motivation towards the attainment of its strategic objectives and operational effectiveness.

Group Human Capital Report (cont.)

Group Remuneration Strategy

The CEF Group's Remuneration Strategy is a key element of the employee value proposition aimed at establishing the organization as an employer of choice. This strategy enhances the CEF Group's competitive edge in the market and improves its capacity to attract, retain, and motivate high-caliber talent. Below are the core components and principles of the CEF Remuneration Strategy:

- **Integrated Reward Components:** The strategy encompasses various reward components, tailored to influence multiple levers such as financial and strategic performance, individual performance, and market movements.
- **Financial and Strategic Performance:** The remuneration framework takes into account the overall financial and strategic performance of the CEF Group, ensuring that compensation aligns with the organization's success and objectives.
- **Individual Performance:** Individual performance is a critical factor in determining remuneration. This ensures that employees are rewarded for their contributions and achievements, promoting a culture of high performance.
- **Market Movements:** Regular benchmarking against market movements ensures that the CEF Group's remuneration packages remain competitive. This helps in retaining and attracting talent by offering compensation that is aligned with industry standards.

In a nutshell, the CEF Group's Remuneration Strategy is designed to provide a balanced and competitive compensation package that not only attracts and retains top talent but also fosters a motivated and engaged workforce. This integrated approach, considering both financial and non-financial aspects, ensures the CEF Group remains a leading employer in the industry.

Group Labour Costs

- For 2023/24 FY, CEF Group incurred the total labour costs amounting to R1 253 594 513.92.50 which is a decrease from R1 290 956 000 in the 2022/23 financial year.
- This decrease is as a consequence of the reduction of the Group employee population from 1548 in 2022/33 financial year to 1518 during the reporting period.

Figure: CEF Group labour costs for 2023/24 FY

Group Skills Development & Training

- For the financial year ending on 31st March 2024, the Group has invested R22 222 956.40 on skills development and training which is an increase from R15 998 244.96, in the previous financial year (2022/23).
- This increase demonstrates the Group's commitment to enhancing the skills and capabilities of its workforce, ensuring they are well-equipped to fulfil the company's mandate effectively.

Figure: Skills Development and Training Expenditure

Group Employee Relations

Group Employee Relations Climate

- The state of employee relations within the CEF Group was relatively calm with no disruption incidents during the reporting period.
- However, and notwithstanding these peaceful prevailing employee-employer relations and the stable labour environment within the CEF Group, there is need for continuous efforts to ensure that the workforce feels valued, supported, and empowered. This is particularly the case with the workforce from the entities affected by the merger of PetroSA, iGAS and SFF as preparations for their transfer to the newly formed SANPC through implementation of section 197 of the labour Relations Act takes shape.
- In this regard, it is incumbent upon the CEF SOC as the facilitator of the merger to ensure that this transition period is characterised by frank and open engagement with affected employees and their labour representatives.
- Through prioritizing open communication with employees and labour, investing in employee development, promoting diversity and inclusion as well as addressing conflicts in a timely and respectful manner, the attainment of a thriving and harmonious workplace environment is not a farfetched realization.

Group Employee Relations Case Load

- In contrast to the previous financial year wherein 29 employee relations incidents were recorded, for 2023/24 financial year there was a total of 46 employee relations events. This represents an increase of 58.6%
- Both PetroSA and AEMFC contributed 39.13% each of the overall 46 employee relations events.
- Of these 46, 33% were disciplinary proceedings with the highest located at AEMFC at 67% and SFF having the lowest at 13%.
- Matters before the CCMA accounted for 24% with AEMFC having a bigger share at 45% followed by PetroSA at 36%.
- Figure below depict CEF Employee Relations summary:

	Disciplinaries	Grievances	CCMA	Dismissals	Labour Court/LAC	Precautionary suspensions	Total
PetroSA	3	7	4	1	1	2	18
SFF	2	0	2	4	0	1	9
AEMFC	10	0	5	1	0	2	18
IGAS	0	0	0	0	0	0	0
CEF SOC	0	0	0	0	0	1	1
PASA	0	0	0	0	0	0	0
Total	15	7	11	6	1	6	46

Figure: Employee relations

Group Wage Negotiations

- All the subsidiaries within the CEF Group effected annual salary adjustments for the 2023/24 financial year with PetroSA granting the highest at 10% showing a significant commitment to compensating its employees followed by the Strategic Fuel Fund at 8.3%.
- Petroleum Agency of South Africa granted its employees 7.12% which is slightly below the Strategic Fuel Fund whilst African Exploration Mining and Finance Corporation awarded its workforce between 5%-7% salary increase on a sliding scale.
- The holding Company, thus the Central Energy Fund awarded its employees 7.8% salary increases placing it between the Strategic Fuel Fund and the Petroleum Agency of South Africa.
- These adjustments reflect the Group's efforts to maintain competitive compensation packages and align with industry standards to retain and attract talent.

Establishment of the SANPC

Merger of iGas, Petrosa & SFF

- A number of Townhall Sessions have been taking place as part of engagement with the employees at the entities affected by the merger.
- The SANPC Board and Transitionary CEO have been appointed and work is underway to finalise appointment of the SANPC EXCO Members
- Procurement process is also unfolding to appoint the service provider to provide expert advice on s197 implementation of the Labour Relations Act concerning the transfer of employees from the affected entities to the SANPC. The service provider is envisaged to be on board in April 2024.
- Work is also underway to finalise s197 Terms and conditions of services, Union Consultation Strategy and the s197 deployment approach.

Group Wage Negotiations

- Engagements regarding the implementation of Centres of Excellence were completed with divisional heads at AEMFC and CEF SOC, setting the stage for enhanced operational efficiency and support across the Group.
- Service Level Agreements for payroll administration have been signed with Petroleum Agency of South Africa, IGAS and Strategic Fuel Fund

SECTION 6:

Corporate Governance

GROUP CORPORATE GOVERNANCE

Corporate governance as a concept has evolved over the years from the narrow definition of "the practice by which companies are managed and controlled" to a broader definition which includes the following elements:

- Management of risks that could hinder the achievement of the company's strategic objectives;
- Setting the ethical tone and overseeing ethical performance;
- Implementing sustainable business practices and overseeing performance;
- Managing the company's relationships with various stakeholders.

In the words of J Richard Findlay "Sound governance is not some abstract ideal or utopian pipedream. Nor does it occur as a result of accidents or sudden outbreaks of altruism, it happens only when leaders lead with integrity, when directors actually direct and when major organizations are held to the highest standards of accountability by vigilant stakeholders and vigilant individuals". The recent corporate governance scandals affecting major multinational corporations is just but one example of how alert the CEF Group and its governance structures should be to avoid facing the same fate as those whose boards failed to direct, whose leaders failed to lead with integrity and where only accountable to themselves.

Ethics & Integrity

CEF Group, as a State-Owned Company, understands the importance of setting the right ethical culture in an organization to prevent all forms of corruption, maladministration and to inspire confidence across all its multiple stakeholders. CEF Group has in place robust policies aimed at upholding the highest standards of ethical conduct, which policies are binding on board members, employees as well as those doing business with the company.

Because of the robustness of its policies during the year under review there has not been major incidents reported at the governance structures level across the Group involving unethical behaviour. These policies and the implementation thereof will continue to be strengthened to ensure that ethical behaviour becomes fully embedded within the Group. Furthermore, the CEF Group views compliance with all applicable laws as an essential element of business success as well as good corporate citizenship and therefore directors, employees and stakeholders are encouraged to uphold the law at all material times.

Standards of Business Conducts

CEF has a Code of Ethics Policy to which directors, management, staff and contractors are required to adhere. The Board further subscribes to a Code of Conduct within the prescripts of the Companies Act and King IV.

Internal Audits

In accordance with Section 51 of the PFMA, and Section 3.2 of the National Treasury Regulations, the CEF Group has established and maintains an internal audit function that is governed by the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA). The internal audit function is an independent assurance function that is functionally accountable to the Board Audit and Risk Committee and administratively to the Group Chief Executive Officer.

The mandate is encapsulated in the terms of reference of Internal Audit, which is reviewed and approved annually by the Board. In providing the required assurance on the CEF Group's governance, risk and control environment, CEF's Internal Audit Services (IAS) focuses on partnering with management to add value. This is done by driving a systematic, disciplined evaluation approach and continuous improvement to the CEF Group's risk management, governance and internal control environment.

Strategic Objectives

The CEF IAS strategy is aligned with the CEF Group's strategic objectives, vision, mission, strategic focus areas, and critical risks. It takes the following management and control aspects into account:

- The CEF Group's Corporate Plan and Shareholder's Compact;
- The CEF Group's purpose as it relates to institutionalising a sound governance, risk and control environment;
- Human Capital Management strategy and employee culture;
- Factors that could prevent the realisation of the Group's goals and objectives;
- Findings from previous internal and external audit reports;
- Results from control self-assessments, integrated assurance and other continuous control monitoring tools used by management; and
- Combined assurance plan;

CEF IAS went through quality assurance review conducted by an independent service provider (Lengo Consulting) who concluded that the Group generally conformed with International Professional Practices Framework promulgated by the Institute of Internal Auditors.

Systems & Practice for Anti-Corruption

The Group is committed to eradicating fraud, corruption, misconduct and irregularities. The Code of Ethics assists the Board, executive management, staff and contractors of the Group to make ethical decisions and engage in appropriate and lawful conduct. The subsidiary companies each have a Fraud Prevention Policy, which addresses fraud risk management from both proactive and reactive perspectives. The Group has contracted the services of an independent provider of a hotline service for the confidential reporting of fraud and other inappropriate behaviour.

The activities of the fraud hotline are reported to the Group Chief Audit Executive (GCAE) and the Chairperson of the Board Audit and Risk Committee on a monthly basis and on quarterly basis to the Board Audit and Risk Committee. The Fraud Prevention Policy provides for the GCAE and Chairperson to procure the services of an investigator outside the procurement department while following the spirit of the procurement legislation. This is done due to the sensitive nature of a fraud investigation.

Transparency

Directors and management are required to complete and lodge detailed financial disclosures, which incorporate an annual declaration of their interests in contracts as well as directorships in other companies in accordance with the provisions of the Companies Act and the PFMA.

Board of Directors

In terms of Section 49 of the PFMA, the Board is the accounting authority of the Group. The Group has a unitary Board structure comprised of a majority of non-executive directors appointed by the Shareholder. The size of the Board is dictated by Section 1(4) of the CEF Act, as amended, and the Memorandum of Incorporation (MoI). In line with good governance principles, the positions of Chairperson and Chief Executive Officer are separately held to ensure a clear division of duties.

Board Retains All Accountability

These issues include but are not limited to:

- Ensuring that policies and procedures are in place;
- Monitoring the performance of the Group against agreed objectives;
- Identifying key performance and risk areas;
- Providing effective leadership on an ethical foundation;
- Ensuring that there is an effective risk-based internal audit function;
- Defining and approving levels of materiality and authority;
- Reserving specific powers to itself and delegating other matters (with the necessary written authority) to the CEO;
- Ensuring that timelines are met for submission of reports in compliance with the PFMA and other applicable laws affecting the business, including submission of financial statements; and
- Ensuring that a Shareholder's Compact is concluded annually with the Shareholder which includes agreed performance indicators for the following year.

Board Selection Process

The MoI of CEF SOC stipulates the minimum and maximum number of directors permitted to be appointed to the Board. The MoIs of the respective CEF Group subsidiaries stipulates the minimum and maximum number of directors permitted to be appointed to the respective subsidiary boards. The non-executive directors of the CEF SOC Board are appointed in terms of the CEF Act, and reappointment is not automatic. The appointment of directors to the subsidiary boards is the responsibility of the CEF Board and is subject to approval by the Minister of Mineral and Petroleum Resources as per the provisions of the CEF Shareholder's Compact. The Boards are required to meet at least once per quarter. The procedure for the appointment of directors of entities is usually activated when:

- The term of office of a director expires;
- A casual vacancy on the Board is created by a resignation, removal or death of a Director; and/or
- A further Board appointment is required.

CEF ensures it takes cognisance of the skills, gender and race mix required on the Board during the recruitment and selection process to maintain a balanced and diversified Board capable of giving strategic direction to the entity in line with the agenda and strategy of the Shareholder and the CEF Group as well as in keeping with the National Transformation and Empowerment agenda. The performance of the boards as collectives, committees, chairpersons and individual members is assessed annually. An annual board performance assessment in respect of the 2023/24 financial year for CEF SOC was conducted by an independent service provider (GRIPP Advisory) and a performance score of 3.16 was achieved against the maximum of 4.

Induction of New Board Members

The induction of new board members underpins the work of the executive management team. It ensures that new board members have all the necessary information to effectively fulfil their roles. The CEF induction is one of the most practical ways of ensuring new board members have the necessary information to fully understand and fulfil their role, the workings of the organisation and their relationship with other key internal and external stakeholders of the organisation. All new directors within the CEF Group went through an induction process which enabled them to hit the ground running when they commenced executing their duties.

Continuous Board Development

As part of our efforts to become a high-performance organisation, CEF facilitates a number of formal and informal continuous board development initiatives. Board training gives members the preparation, resources, and tools that is needed to enhance strategic oversight and guidance as well as to cultivate strategic partnerships and the Shareholder effectively. The professional development and training programmes empower board members to be more effective in ways that will create a positive impact and drive the success of the Group.

Communication with Directors

The directors have direct access to the Group Chief Executive Officer and are constantly briefed on the quarterly reporting process in adherence with the PFMA. This affords them the opportunity to assess performance, recommend interventions and engage the Shareholder on the performance and progress of CEF and its subsidiaries. Each of the CEF Group entities concludes an annual Shareholder's Compact with CEF, which includes corporate plans and relevant materiality levels approved at the Group level.

Compensation of Board of Directors

CEF SOC remunerates its directors in terms of the CEF Act. The non-executive directors' fees are determined by the Minister of Mineral and Petroleum Resources by way of Ministerial Directive and approved by the Minister of Finance from time to time. In terms of the CEF Act, employees in the full-time employ of the state shall not, for services rendered as a director, be paid any remuneration in addition to his/her salary, nor shall he/she be paid travel and subsistence allowances at a rate other than that applicable by virtue of such service.

Board Committees

The Board has established several committees to assist it in the discharge of its duties. All committees operate under Board-approved terms of reference, which are updated from time to time to align with the latest developments in corporate governance. Each committee operates within these defined terms of reference and is chaired by a Non-Executive Director or an independent member. The subsidiary boards of directors independently oversee the respective Group entities' affairs.

Board Committee Structures	Strategic Responsibility
Board Audit and Risk Committee	Responsible for discharging its duties relating to the safeguarding of Group assets, the operation of adequate systems, control processes and the preparation of accurate integrated reporting and financial statements in compliance with all applicable legal, regulatory and reporting requirements and standards as well as reputational risk, as listed and defined in the Group's enterprise-wide Risk Management framework.
Social, Ethics and Governance Committee	Responsible for providing leadership and taking responsibility for the CEF Group's transformation, socio-economic development, ethics, employment equity and sustainability, including the management of non-financial issues, within the broader Group Governance and Strategic framework
Human Resources, Remuneration and Nominations Committee	Responsible for monitoring the quality and integrity of Human Resource policies and practices of the CEF Group and general oversight of Human Resource and Remuneration policies and procedures. Monitors compliance with significant legislative and regulatory requirements and Board development, recruitment and nominations in the Group.
Finance, Investment, Projects and Procurement Committee	The Committee monitors, considers and makes recommendations to the Board it deems appropriate on all relevant finance, investment, project and procurement matters within the ambit of its terms of reference.

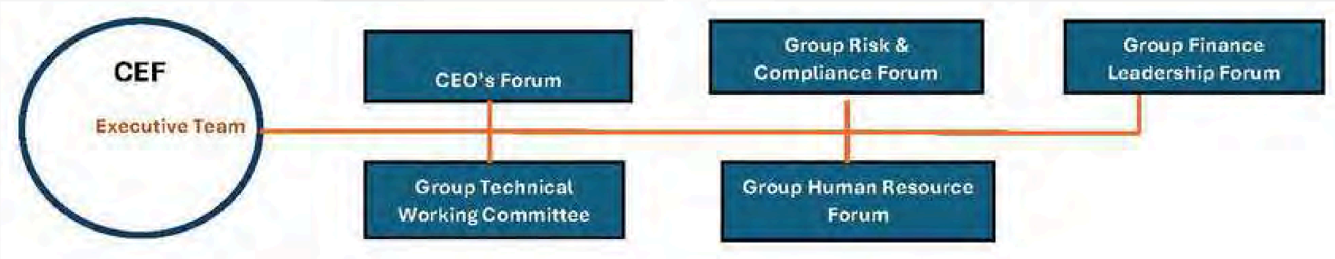
Materiality & Significance Framework

A Materiality and Significance Framework has been developed for significant transactions envisaged per Section 54 (2) of the PFMA that require Ministerial approval as well as for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure. The Group framework was finalised after consultation with the external auditors and has been formally approved by the Board.

Board Leadership Structure

To give effect to good governance, CEF Board members' duties are designed to enhance the CEF Group performance as it navigates the Group Strategy. The CEF Board and its subsidiary leadership structures provide the Group with the independent perspective and diverse experience necessary to excel during its strategic transformation. The CEF SOC Board as well as the subsidiary boards composition during the year under review was appropriately balanced in terms of gender, skills and experience necessary to exercise oversight and to drive the Group towards the achievement of its strategic objectives. The detailed report on committees, meeting dates, appointments and resignations is contained in the Group Directors' Report in the Annual Report. The Group Chief Executive Officer is appointed by the CEF Board and has the authority to lead the day-to-day operations of the business. The chief executive officers of subsidiaries are appointed by their respective boards.

Executive Committees are constituted to assist the chief executive officers' of CEF SOC and subsidiaries in executing their responsibilities, to guide and control the overall direction of the business and to act as a medium for communication and coordination among business units, and the Board. Executive Committee members are accountable to their respective chief executive officers for the execution of their respective responsibilities, and the chief executive officers are accountable to their respective boards for the execution of their responsibilities. Supporting the executive teams are active Group management governance forums (described in the table below) designed to exploit Group synergies, enhance efficient and agile decision-making and ensure alignment with the aim of improving Group performance.



Management Committee	Strategic Responsibility
CEO's Forum	This the principal structure to give effect to the integrated execution of strategy across the Group. The forum is chaired by the CEF Group CEO, with the CEOs of each subsidiary making up its membership. Key CEF executives are invited to the forum, including the CFO, Group COO, Corporate Services, Group Head of Risk and Compliance, Group Corporate Planner and General Manager: EPD.
Group Legal, Risk and Compliance Forum	This forum informs the state of practice across the Group for dealing with legal, risk management and compliance matters, pursues the mandate of streamlining and improving governance and oversight across the Group for GRC purposes and streamlines the risk management, compliance and fraud-management policies within the Group.
Group Finance Leadership Forum	The forum's purpose is to lead the CEF Group to achieve a uniformly high standard of practice in corporate financial management, provide financial leadership, drive standardisation of systems and processes, drive the transition to a high-performance financial organisation, and drive integrated financial planning and reporting for the Group.
Group Technical Working Forum	The forum provides technical support to the Project Appraisal and Monitoring Committee (PAMC), reviews projects before they are tabled at the PAMC and gives assurance that all projects with a significant technical component are adequately evaluated, as such projects can commit significant amounts of capital, and often for lengthy periods.
Group Human Resources Forum	This forum, which consists of human capital business partners across the CEF Group, seeks to achieve a common base of practice and elevate the baseline on human capital management: • It formulates a collaborative human-capital agenda that will support group operations in a cohesive, relevant manner; • It aligns the human-capital mandate in the CEF Group through the coordination of efforts; • It identifies and manages areas of convergence; and • It eliminates duplication of policies and processes.
IT Steering Committee	An IT steering committee is chaired by senior executives to direct, review, and approve IT strategic plans, oversee major initiatives, and allocate resources. It is not involved in the day-to-day management of the IT departments. Instead, the steering committee establishes IT priorities for the business as a whole to align with the strategic trajectory of the organisation.

ENTITIES OPERATIONAL PERFORMANCE

CEF SOC OPERATIONS

As the holding company, CEF SOC assumes the role of a strategic controller, providing leadership, oversight, and monitoring of governance and business performance for its subsidiaries. CEF SOC plays a crucial role in setting the Group's strategic direction and promoting integration among its entities. While respecting the distinct mandates of each subsidiary, CEF SOC ensures alignment of processes and systems to capitalise on synergies throughout the organization, which includes facilitating and supporting the merger to form the SANPC. CEF SOC houses the Energy Projects Division (EPD) and manages the Equalisation Fund (EQF) on behalf of the Department of Mineral and Petroleum Resources (DMPR) previously DMRE. The EQF is instrumental in regulating price changes for liquid fuels, contributing to the stability and efficiency of the energy market. The structure of the CEF Group of which CEF SOC is the holding company is shown below. This structure is expected to change in the near future advent of the South African National Petroleum Company (SANPC).

Strategic Focus

As an outcome of the successive strategy sessions, and as a way of adequately addressing the emerging imperatives, CEF SOC adopted the renewal strategic framework. This framework consists of three horizons.

- **A Reset Horizon:** This early phase entails stabilisation of the business by supporting the merger, and turnaround of legacy entities and ailing subsidiaries. Adopting a new mindset and realigning the operating model.

- **Scaling for Growth Horizon:** This second phase drives business growth through strategic diversification of the portfolio with emphasis on commercial sustainability. Internally, this phase embeds the new operating model, build needed capabilities, and establish culture that supports delivery of the renewal strategy.

- **Sustaining the Growth Horizon:** In this last phase that coincides with the latter years of the planning period, the emphasis is on optimising the portfolio with an importance on growth.

Through this 3-phase approach, CEF SOC will address strategic challenges and exploit opportunities brought about by the changing operating environment. The framework is especially suited to implementing such enduring interventions as capital investment projects, or the merger of the three CEF entities to form the SA NPC.

CEF SOC also identified three strategic roles that emerge from a proper implementation of its mandate. The three roles are.

- **Strategic parent:** A corporate parent providing strategic steer, integrated leadership and driving synergies to ensure commercial sustainability of existing business.

- **Strategic investor:** A commercially focused entity, driving growth to maintain a balanced portfolio of energy investments.

- **Developmental Agent:** A state agent supporting achievement of governments developmental agenda.

CEF SOC OPERATIONS

Financial Performance

CEF SOC has achieved a net profit of R126.7 million (2023: R169.5 million). Included in the profit is the impairment relating to trade receivables of R78 million, impairment on the PetroSA loan of R6.5 million as well as the impairment on the Ener-G Joburg investment of R2.5 million. The increase in the net profit in the current year is due to the increase in the money market returns as well as the dividend from iGas. There was also a non-cash fair value adjustment relating to the long-term investment of R25 million.

The CEF SOC income statement was restated in the prior year as there was a reclassification of investment income into revenue since CEF's mandate is to manage its investments portfolio (including funds held on behalf of subsidiaries) and incubate new energy businesses. CEF is an investment holding company that invests in companies trading within the energy securing environment. Therefore, in the ordinary course of the business, CEF is managing these investments by investing and offering financial assistance and receives revenue through interest and dividends. Since CEF is a schedule 2 company responsible for generating its own revenue through acquisitions and investing in new businesses. The dividends received from these investments are then re-invested in money market (in an interest-bearing account) which then generates interest income. Financial assistance is also given to companies within the group and interest income is earned on these instruments. These funds are then used by CEF to fund its daily operations therefore these activities are in line with the ordinary activities and mandate of CEF. Therefore, the investment income relating to dividends received from subsidiaries and associates, interest income from money market as well as loans advanced to the subsidiaries and associates are classified as revenue.

Measures of Financial Sustainability	
Profitability	R126.7 million (2023: R169.4 million)
Liquidity	3.1:1 (2023: 3.03:1)
Solvency	66% (2023: 64%) (Equity/Assets)

Operational Performance

As illustrated in the detailed scorecard below, in FY2023/2024, CEF SOC has demonstrated exceptional performance across key performance areas, delivering strong net profit. Management relentless focus on operational efficiency has driven a significant improvement in operations. Furthermore, our continued investment in innovation and strategic initiatives has positioned us for sustained long-term success in an increasingly competitive market landscape. CEF SOC demonstrated a commendable level of commitment by achieving a summary performance score of 4.29 out of 5.00.

Entities Operational Perf (cont.)

CEF SOC OPERATIONS

Entity Top 5 Risks & Mitigation Tracking

CEF SOC Strategic Risk			Q1 2023/4		Q2 2023/4		Q3 2023/4		Q4 2023/4	
No	Risk Name	Residual Risk Exposure	Trend	Mitigation	Trend	Mitigation	Trend	Mitigation	Trend	Mitigation
1	*Financial instability might result in being insolvent*	High	—	Planned	—	Planned	—	In progress	—	In progress
2	*Inability to Grow and diversify revenue streams could result in loss of sustainability and relevance.*	High	—	Planned	—	Planned	—	In progress	—	In progress
3	*Loss of Strategic Relevance might lead to bad reputation and diminishing value proposition.*	Medium	—	Planned	—	In progress	↘	In progress	↘	Completed
4	*Cyber-security risks may lead to data/information breaches.*	High	—	In progress	—	In progress	↗	In progress	↗	In progress
5	*Non-compliance to Regulatory requirements, internal Policies and Inadequate management of Business continuity.*	High	—	In progress	—	In progress	↘	In progress	↘	In progress

As at the end of FY2023/24, management had successfully implemented mitigation measures for 43% of the identified strategic risks. The remaining mitigation initiatives are underway, with over 80% already completed. This is a significant achievement, particularly in light of CEF SOC's level 3 (Established) Risk Management Maturity evaluation and should inspire confidence in the management's capabilities.

CEF SOC OPERATIONS

Summary of Business Scorecard for the Period

Strategic Initiatives	2023/24 Target	%Weight	FY23/ 24	Actual performance	Q1	Q2	Q3	2023/24FY
Profitability & Value Management	Achieve Net Loss of R306 M as per approved budget	10%	Achieve Net Loss of R306M as per approved budget	Actual Net profit is R127 million	5	5	5	5
Implement the dividend policy and SLA on services rendered to subsidiaries	Dividend Income = R84.7 million	5%	Dividend Income = R84.7 million	Actual dividend income is R64 million, revenue and other income is R145 million.	5	4	5	2
Maximize returns on the cash investments	NACM rate = 7.66%	10%	NACM rate = 7.66%	Actual NACM Rate: 8.73%	5	5	5	5
Quarterly Board to Board engagements to assess Group performance	Signed Shareholders Compact	5%	Signed Shareholders Compact	The Signed Shareholder's Compact delivered as part statutory compliance process with DMRE feedback on the Corporate Plan submitted.	4	3	2	3
Monthly CEO's Forum to drive Corporate Objectives and Alignment	Cascaded corporate score card	5%	Cascaded corporate score card	Performance dialogues held with subsidiaries of key delivery items on a monthly basis and are prioritised differently depending on severity of performance issues. Letters were sent to all subsidiaries on Q3 Business performance and guidance given to address performance gaps. Physical subsidiary visits were made during period under review.	2	3	3	3
Statutory reporting and performance management.	Quality Statutory performance reports submitted on time.	5%	Quality Statutory performance reports submitted on time.	Quarterly performance reports submitted on time on the back of a Board-to-Board engagement as well guidance on closing performance gaps identified.	5	4	5	5
Phase 2 of the merger project implementation	SA NPC Incorporation	5%	SA NPC Incorporation	During the period under review key milestones were achieved as part of the SANPC Incorporation process. Engagements with National Treasury and the submission of the Draft S51 Application for their comment and input, Appointment of the SANPC and Legacy Board. Transitional CEO Appointment, Commencement of Asset Fair value assessments, S197 Employee Transition strategy and Transitional Services Agreements sign offs.	1	3	2	3
Development of the project pipeline as per CEF mandate	Two Board approved business development opportunities commercial proposals	5%	Two Board approved business development opportunities commercial proposals	More than two business development opportunities were approved by Board during the year: • Acquisition of 39% equity (an IBS Crafts (Pty) Ltd sponsored project) in the Project Development Company SPV. • Partnership for Transnet Request for Proposal ("RFP") – Durban Island View Liquified Petroleum Gas Import Terminal Concession. FID in progress for more than two projects (including Pecan Energies, Energy Venture Capital (Pty) Ltd /RH Bophelo and Samancor).	3	3	5	5
Conduct extensive business opportunity market research	Two Board-approved s54 applications	5%	Two Board-approved s54 applications	Section 54 Application for one project was approved by Board for 2023/2024 Financial Year.	5	2	4	2
Develop investment policies and procedures to achieve efficient execution of projects	Board approved investment policies and procedures.	5%	Board approved investment policies and procedures.	• The Board APPROVED the CEF Projects Investment Policy. The procedure was developed and approved in the previous financial year.	3	1	1	5
Source Integrated Performance Management System	Automated Integrated Performance Management System	4%	Automated Integrated Performance Management System	• Business Performance Monitoring system was configured, completed and has gone live.	3	4	5	5
Define CEF's target enterprise architecture	EXCO Approved CEF's target Enterprise Architecture	3%	EXCO Approved CEF's target Enterprise Architecture	The Target IT Architecture was APPROVED by EXCO.	3	3	4	5

CEF SOC OPERATIONS

Summary of Business Scorecard for the Period (cont.)

Strategic Initiatives	2023/24 Target	%Weight	FY23/ 24	Actual performance	Q1	Q2	Q3	2023/24FY
Update Enterprise ICT Strategy	Board approved ICT strategy	3%	Board approved ICT strategy	IT Strategy was approved by BOARD.	4	3	2	5
Develop and implement a Human Capital Strategy	Board Approved Human Capital Strategy	5%	Board Approved Human Capital Strategy	58% of the human capital strategy road map deliverables for 2023/24 were implemented in contrast to the contracted 15%. This % is based on 12 deliverables of which the following 7 were implemented: - Automation of recruitment process - Implementation of the Annual Training Plan through Individual Development Plans - Implementation of leadership programmes in the form of Coaching & Eamer gram - More 80% of the individual Development Plans implemented covering over 100 employees - Consistent entity and group reporting without fail. - Implementation of CEF Benefits & Recognition Policy through the inaugural CEF 2023 Awards - Employee Engagement Survey Conducted	5	4	4	5
Execution of the CEF SOC repositioning Shared service model	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (10% standardization)	5%	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (10% standardization)	Shared services execution has commenced as per the implementation road map in the following: (a) The PASA payroll have successfully be lifted to CEF for the entire organisation. (b). Wellness and Diversity programme have been commenced with AE to ensure collaboration and alignment. (c). Policies have been developed and shared with subsidiaries for inputs and adoption where possible.	5	4	5	5
Implement Group Governance Framework	Board approved policies and/ or work plans/ frameworks/Terms of References	3%	Board approved policies and/ or work plans/ frameworks/Terms of References	During the year the Board APPROVED several policies including the following: CEF Transfer, Secondment and Relocation Policy; CEF Talent Sourcing Policy; CEF Group Legal and Regulatory Compliance Policy; CEF Group Legal and Regulatory Compliance Management Framework; CEF Code of Ethics; CEF Group Litigation Policy; CEF Procurement Policy; and CEF Group Cash Investment Policy, CEF Group Enterprise Risk Management Framework, CEF Business Continuity Management Framework CEF SOC Patch Management Policy, CEF SOC Firewall Management Policy, CEF SOC IT Strategy, CEF Projects Investment Policy, CEF Group Enterprise Business Development Framework.	2	5	4	5
	Achieve Level 2 risk management maturity	2%	Achieve Level 2 risk management maturity	1. CEF SOC Risk Management Maturity Assessment was conducted in Q4 2023/4. Based on the assessment, CEF SOC scored 3 out of 5, translating into level 3 (Established stage), exceeding the target of level 2 (Developing stage). 2. Integrating the Enterprise Risk Management process into CEF's performance management system is a testament to our commitment to strategic alignment. This integration seamlessly incorporates the corporate plan, strategic objectives, targets, initiatives, and associated risks. 3. Quarterly Compliance reporting is in place. 4. The Disaster Recovery Plan (DRP) is in draft; testing was planned for Q4 2023/4. However, this will be extended due to the delays after the IT Manager's resignation.	3	3	3	5
	Conduct and Report results of Risk Assurance audit, as per Internal Audit Plan	2%	Conduct and Report results of Risk Assurance audit, as per Internal Audit Plan	The internal audit achieved 100% of the approved Internal Audit plan.	3	3	2	5

CEF SOC OPERATIONS

Summary of Business Scorecard for the Period (cont.)

Strategic Initiatives	2023/24 Target	%Weight	FY23/ 24	Actual performance	Q1	Q2	Q3	2023/24FY
Implement Combined Assurance Framework	BARC/Board approved updated combined assurance	3%	BARC/Board approved updated combined assurance	The Combined Assurance Framework approved and implemented. First combined assurance report was for Q4 2023/4. Combined assurance plan for FY2024/5 will be socialised with management.	3	3	3	3
Implement the CEF Group Master Brand Strategy	Achieve Brand Reputation Score of 50%	5%	Achieve Brand Reputation Score of 50%	The CEF Group Corporate Survey closed for inputs by the end of January 2024. A draft report was then presented for review and inputs. A few suggestions and reviews were suggested in order to provide an average score of the CEF Group of companies and not just the subsidiaries. The inputs were incorporated into the report and a final report.	2	3	3	4
Develop an enterprise development strategy	Board approved enterprise development strategy	5%	Board approved enterprise development strategy	The Board approved the Enterprise Development Framework on the 29th of February 2024.	2	1	1	5
		100%						4.29 85.8%

Not Assessed.	Not Achieved.	Below Target / Partially Achieved	On Target	Above Target	Exceptional / Ceiling
0	1	2	3	4	5

CEF SOC OPERATIONS

Outlook for the Future

Entrenching the merger and positioning the SA NPC for success. CEF SOC will lead the Group to a successful formation of the newly formed SA NPC. This includes an operational and thriving SA NPC, post-merger integration, and the continual leverage of Group synergies, and the management of resultant risks.

Rapid advancement of strategic projects: Key Group projects need to be speeded-up to completion, thereby providing a counterbalance to the PetroSA situation. CEF SOC will lead Group entities to deliver their growth projects. This will be achieved through a broad-based rollout of common processes, and by pushing subsidiaries to improve their operation-specific processes.

Review of strategies and corporate plans across the CEF Group: The timing of the SA NPC – inception has created an imperative for Group corporate plans to be revised by in the period from August to November 2024. The revision will be both severe and a matter of necessity given that the creation of the SA NPC will move people assets, capital, processes, systems, and funding.

Focus on PetroSA Turnaround: On the back of reducing domestic refinery capabilities, it is important that CEF SOC leverage organizational leadership and other resources to drive the PetroSA GTL Reinstatement project. This entails engagements with the shareholder, potential project partners, and financiers. The reinstatement needs to be positioned as part of the broader strategy of growing the footprint in the oil and gas market.

AEMFC SOC OPERATIONS

AEMFC continues to make significant progress towards a sustainable growth pathway, in line with its strategic objectives whose five key pillars are outlined in the approved Corporate Plan. Health and Safety are key pillars of the company's sustainability strategy. Health and Safety are key pillars of the company's sustainability strategy. In line with this strategy, the elimination of injuries and fatalities as well as improving the health of our employees and external stakeholders are inviolable objectives.

The health and safety performance for the fiscal year remained relatively good and in line with the goal of achieving zero injuries and fatalities. There were no long-term injuries recorded for the year and the number of occupational health exposures was generally low throughout the year.

The company achieved notably positive overall financial performance in the fiscal year, amid operational disruptions experienced during the third and fourth quarter, due to Eskom-instituted delivery stoppages and a strike at the mine. Nonetheless, the company demonstrated substantial growth compared to both the preceding year and the budget. An Operating Profit of R112.5m was realised, marking a solid increase of 19.9% over the previous year and surpassing the budget by 4.5%. Net Profit After Tax reached R101.1m, reflecting a significant rise of 56.9% compared to the prior year and exceeding budgetary expectations by 10.9%.

This positive performance was undergirded by a combination of an increase in sales volumes, a marginal improvement in pricing, as well as improvement delivered coal quality. However, the Gross Profit realised was somewhat diluted by a significant uptick in the Cost of Sales, which rose by 86.2% over the previous year's figure. Consequently, the gross profit percentage realized stood at 12.6%, a decrease from the previous year's 16.6%, and below the budgeted 29.0%. The mine delivered 3,454,231 tonnes of saleable coal under the Eskom Coal Supply Agreement (CSA), topping the 2,500,000 annual target by 38%. However, the operational disruptions experienced in the last two quarters of the financial year significantly dampened what was otherwise a strong annual operational performance.

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

The Supply Chain Management (SCM) process to identify a strategic partner for the operationalisation of Klippoortjie Mine is proceeding satisfactorily, with the appointment expected to be made early in the first quarter of the new financial year. Updating of the project information on T-Project is also underway and expected to be concluded by the end of the first quarter of the new financial year. Development of our extensive pipeline of prospects is also underway, with seismic surveys having been completed, especially for green energy minerals, thus paving the way for targeted drilling program to begin in this financial year. Stakeholder engagement activities as well as the preliminary environmental approvals are also being pursued.

AEMFC SOC OPERATIONS

Our projects investment framework has also been finalised and is expected to facilitate a streamlined and expeditious process of pursuing shovel-ready or operational, high return and low risk acquisition opportunities in the market. The Board approved the newly crafted business model for the AEMFC. Together with the approved Corporate Plan, the business model outlines a long-term organisational blueprint and guide for a sustainable and transformative state-owned mining company. An implementation framework and plan will be developed and implemented in this financial year, to enable the successful realisation of the pathway outlined in the business model.

Our strategic risk register for the financial year has been reviewed and operational risk assessments with operational functions have started and will continue into the first quarter of the new financial year. A comprehensive compliance assessment roll-out remains our priority which although slated to take place in this financial year, will now only tale place in the new financial year. Management has also recommitted to addressing internal and external audit finding and making sure that they are progressively being addressed in this financial year, to improve the control environment.

An Audit Steering Committee has been set up for this purpose, and with a view to improving our audit outcomes.

The focal point for the new financial year, is to conclude the CSA with Eskom, especially in the first quarter, whilst also accelerating the process to bring both the west block of Vlakfontein as well as Klippoortjie mine into operation. Our internal projects execution capacity will also have to be enhanced substantially to support the commercialisation of our capital projects. In the new financial year efforts to diversify the commodity basket for AEMFC will be intensified, as will efforts to secure new customers, especially on the export markets.

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

The implementation framework and associated plan for the business model will be developed and implemented in a phased approach. An emergent organisational culture of high performance within the organisation will be strengthened further, and complimented by a compelling employee value proposition, which is centred around upholding organisational values, ethics, and corporate governance norms throughout the operations.

AEMFC SOC OPERATIONS

Legislative Environment

The following legislations impact on AEMFC's operations:

No	Legislation	Impact on AEMFC's operations
1	Mine Health and Safety Act 29 of 1996 (MHSA)	The MHSA requires AEMFC: • to provide for protection of the health and safety of employees and other persons at mines.
2	Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA)	The MPRDA requires AEMFC: • to make provision for equitable access to and sustainable development of the nation's mineral and petroleum resources.
3	The Mining Charter, 2018	The Mining Charter is an instrument: • to facilitate sustainable transformation, growth and development of the mining industry.
4	The National Environmental Management Act 107 of 1998 (NEMA)	The NEMA intends: • to provide for co-operative, environmental governance by establishing principles for decision-making on matters affecting the environment, institutions that will promote co-operative governance and procedures for co-ordinating environmental functions exercised by organs of state.
5	The National Environment Management: Air Quality Act 39 of 2004 (NEMAQA)	The NEMAQA intends: • to reform the law regulating air quality in order to protect the environment by providing reasonable measures for the prevention of pollution and ecological degradation and for securing ecologically sustainable development while promoting justifiable economic and social development.
6	The National Environmental Management: Waste Act 59 of 2008 (NEMWA)	The NEMWA aims: • to reform the law regulating waste management in order to protect health and the environment by providing reasonable measures for the prevention of pollution and ecological degradation and for securing ecologically sustainable development.
7	The National Water Act 36 of 1998 (NWA)	The National Water Act 36 of 1998 intends: • to provide for fundamental reform of the law relating to water resources.
8	The Occupational Health and Safety Act, (Act 85 of 1993)	AEMFC continues to develop, review and implement a tailored Occupational, Health and Safety (OHS) Corporate Plan and APP.
9	The Public Finance Management Act 1 of 1999 (PFMA) and Treasury Regulations	AEMFC Executives do everything in their power to comply with all the provisions of the PFMA and other applicable Treasury Regulations. This is done within the spirit of prudent financial governance.
10	The Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	In line with AEMFC's SCM tradition, companies owned by historically disadvantaged persons (HDPs) seeking to do business with the entity will enjoy preferential procurement opportunities.

Strategic Focus

AEMFC derives its mandate from the Ministerial Directive issued by the Minister of Minerals and Energy on 03 April 2007. In alignment with its Memorandum of Incorporation (MOI), the Ministerial Directive, and its main objective of safeguarding security of energy supply, AEMFC is mandated to acquire and hold exploration and mineral rights in respect of all energy related and other minerals on behalf of the State, and to engage in the mining thereof. AEMFC's purpose is:

·To ensure that South Africa's energy-producing and beneficial mineral resources are developed to unlock economic and social benefits for the Republic and the attainment of other developmental objectives in the rest of the African Continent and the world; and
To drive the transformation of the South African mining industry through contribution to the Mining Charter and its strategic objectives

Financial Performance

Measures of Financial Sustainability	
Profitability	2.5%
Liquidity	4.37
Solvency	-0.95

AEMFC SOC OPERATIONS

Entity top five Key Risks and Mitigation Tracking

REF #	STRATEGIC OBJECTIVE	RISK NAME	INHERENT RISK (IR)		PERCEIVED CONTROL EFFECTIVENESS	RESIDUAL RISK (RR)		RISK PRIORITY/ STATUS
			FACTOR	DESCRIPTION	FACTOR	FACTOR	DESCRIPTION	
SRO1	SO1	Impaired organisational sustainability	25	Extreme	20%	20,0	Extreme	Priority 1
SRO2	SO1 & SO3	Inefficient project and infrastructure development and implementation	25	Extreme	20%	20,0	Extreme	Priority 1
SRO3	SO1	Non-compliance with laws, regulations, policies and governance principles	25	Extreme	20%	20,0	Extreme	Priority 1
SRO4	S04	Inefficient human capital management	25	Extreme	20%	20,0	Extreme	Priority 1
SRO5	SO4	Inadequate safety, health, environment, quality (SHERQ) and security management	25	Extreme	65%	8,8	High	Priority 2
SR06	SO1 &SO3	Inadequate operational capacity and effectiveness thereof	15	High	20%	12,0	High	Priority 2
SRO7	SO4 & SO2	Ineffective communications and stakeholder management	16	High	40%	9,6	High	Priority 2
SRO8	SO1	Fragmented approach to ESG implementation and management	25	Extreme	65%	9	High	Priority 2
SRO9	SO3 -	Inadequate technology, cyber security and information management	16	High	65%	5,6	Moderate	Priority 3

Summary of Business Scorecard for the Period

AEMFC Audited Annual Performance Report for the 2023/24 FY

During the period under review AEMFC's overall corporate performance against pre-determined objectives was 63%, from a total of 24 planned targets, 15 targets were achieved and 9 targets were not achieved.

AEMFC SOC OPERATIONS

Strategic Objective 1 (SO1): An efficient, reliable, and financially sustainable business – 35% Weight

No.	Key Performance Area	KPI	FY 2022-23 Audited Output	FY 2023-24 Target	FY 2023.24 Output	Measures	Reasons for Deviation	Corrective Measures
1.1	Improve contractual performance on Eskom CSA	Eskom Sales	2.3 Mt coal sold to Eskom (48 004 352 Gigajoules)	2.5 Mt sold (45 927 074 Gigajoules)	Achieved: 3.5 Mt sold (74 623 567.65 Gigajoules)	5:= (> 2.75 MT)	Coal rectification.	Not Applicable.
1.2	Realise Dividends or Divestment flows from Associates	Return (dividend or shares disposal) realised from Associates (African Royalty Minerals)	Not Applicable.	Divestment from African Royalty Minerals	Not Achieved: No divestment from African Royalty Minerals.	1: = (After 30 June 2023= 1)	Withdrawal of Offer to Purchase by the counter party.	Focus on dividend flows.
1.3	Strengthen the company financial position, profitability and liquidity	Return on Assets	4%	1%	Achieved: 5.6%	4: = (>2%<5%)	Not Applicable.	Not Applicable.
		Current Ratio	1.82	1.7	Achieved: 4.37	5: = (>2.5)	Not Applicable.	
		Debt-Equity Ratio	0.18	1.8	Not Achieved:-0.95	1: = (<2.9)	Not Applicable	
		Net Profit Margin	4%	1,1%	Achieved: 2.5%	4: = (>2<5%)	Not Applicable.	

Strategic Objective 2 (SO 2): Strategic growth through partnership – 15% Weight

No.	Key Performance Area	KPI	FY 2022-23 Audited Output	FY 2023-24 Target	FY 2023.24 Output	Measures	Reasons for Deviation	Corrective Measures
2.1	Diversify into coal export markets through Quattro Scheme Allocation	Coal Export volumes (or sales)	305,243 tonnes of coal exported through Quatro Scheme	DMRE Quattro Scheme Allocation revenue	Not Achieved: 231,505 DMRE Quattro Scheme Allocation revenue	2: = (>0.2 MT < 0.3 MT)	Railing operational interruptions and underutilisation of allocated railing capacity.	Focus on full utilisation of allocated railing capacity.
2.2	Develop AEMFC Projects to increase coal supply to Eskom (JV Partnerships, Acquisitions or Eskom RFQs)	Operationalise Klippoortjie Mine	Not Applicable.	Secure Eskom CSA for Klippoortjie Mine and/or its approval as a rectification source for Eskom.	Achieved: Eskom CSA for Klippoortjie Mine is currently in the negotiation process.	3: = (Samples Submitted to Eskom)	Eskom CSA for Klippoortjie Mine is currently in the negotiation process.	Improve SCM processes and strengthen project execution internally.
2.3	Develop AEMFC mining assets portfolio in Energy and Digital transition minerals	Secure Prospecting and Mining Rights for Digital and Energy Transition Minerals (e.g. Lithium, Cobalt, Manganese, Copper, Rare Earths, etc.)	Not Applicable.	Number of Prospecting and Mining Rights Applications Lodged	Not Achieved: 10 valid prospecting rights lodged at various stages of the required Environmental Assessment and Consultation studies to support the applications for Prospecting Rights.	2: = (> 5 < = 10 Prospecting or Mining Rights Applications)	Emphasis was on developing current prospects to ensure compliance and manage financial impact.	To pursue optimal portfolio balance of new prospects, development, and eventual operationalisation of existing permits.

Strategic Objective 3 (SO 3): Operational Excellence – 15% Weight

No.	Key Performance Area	KPI	FY 2022-23 Audited Output	FY 2023-24 TARGET	FY 2023.24 Output	Measures	Reasons for Deviation	Corrective Measures
3.1	Safe Operations	Lost Time Injury Free Rate (LTIFR)	0,31	<0.91 Less than the latest published Provincial LTIFR	Achieved: 0 LTIFR recorded in FY2023/24	5: = (0.7)	Not Applicable.	Not Applicable.
3.2	Review and implement a profitable new operating model and processes	A Fit-for-Purpose Mine Operations Model Implementation	Not Achieved:	Review and implement a profitable new operating model.	Achieved: A Fit-for-Purpose Mine Operations Model approved by the Board. Mandate to proceed towards implementation secured.	5: = (Board approval of operating model framework and business model canvas)	Not Applicable.	Not Applicable.
3.3	Finalize project development framework for future projects	New Projects Development and Operationalisation of existing projects	Not Achieved:	Develop project development framework for acquisition of new mineral rights.	Achieved: Board approval secured. Projects Investment Policy and Project Management Policy & Procedures approved.	5: = (Approval from Board)	Not Applicable.	Not Applicable.

AEMFC SOC OPERATIONS

Strategic Objective 4 (SO 4): A responsible Corporate Citizen that's contributing to socioeconomic development – 20% Weight.

No.	Key Performance Area	KPI	FY 2022-23 Audited Output	FY 2023-24 Target	FY 2023.24 Output	Measures	Reasons for Deviation	Corrective Measures
4.1	Clean Audit	Eliminate/address significant audit findings.	Not Achieved:	Reduce Irregular Expenditure from previous audit to <0.3% of Revenue	Achieved: Irregular Expenditure is 16.39% of Revenue.	4: = (Unqualified Audit Opinion for FY2023-24)	Not Applicable.	Establishment of a functional Loss Control Committee and overall Compliance Improvements.
			Not Achieved:	Reduction of Audit findings from previous audit	Achieved: 78% Reduction of Audit findings from previous audit.	4: = (80%)	Not Applicable.	Not Applicable.
			SLP submitted to DMRE on 10 October 2022	Continuous review of competence and further training on compliance	Achieved: SCM Policy Training National Treasury Bid Committee Training Performance Management Training for Head Office employees.	3: = (60% adherence to PDPs)	Not Applicable.	More training to be provided to Mine employees.
4.2	Implementation of SLP projects	SLP performance plans and execution	Not Achieved:	Implementation of SLP projects	Achieved: The Social and Labour Plan for period 2019 – 2023 was approved by DMRE during 2023-24 financial year.	4: = (SLP Approved by DMRE)	Delays in approval of the 2019-2023 SLP led to slow progress in SLP implementation.	2019-2023 SLP catch-up plan showing realistic target dates to be developed
4.3	Mining Charter Compliance	Continuous improvement of performance against the Mining Charter	Not Applicable.	Mining Charter implementation	Achieved: The Social and Labour Plan for period 2019 – 2023 was approved by DMRE during 2023-24 financial year.	3: = (50% Achievement)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Mining Charter implementation plan to be developed.
4.4	Stakeholder Relationships Management and Engagement	Develop AEMFC Stakeholder Management Policy and Framework for Engagement	Not Achieved:	Develop a stakeholder road map and strategy for engagement and support both internally and externally	Not Achieved: A stakeholder road map and strategy for engagement and support both internally and externally was not developed.	1: = (Conceptual Framework Design)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Stakeholder Management Policy and Framework for Engagement to be developed in the 2024-25 financial year
4.5	Strategic and Operational Risk Monitoring and Control	Develop strategic and operational risk register, for critical control and monitoring of risks.	Risk register was developed. Strategic Risk Register was approved by Board quarterly. Strategic Risk interventions were assessed and reported on at Exco, Board and BARC.	Develop a risk register and interventions.	Achieved: A risk register and interventions were developed. Risks were monitored throughout the financial year. Effectiveness of controls assessed quarterly.	5: = (100% verification of control effectiveness)	Not Applicable.	Not Applicable.

AEMFC OPERATIONS

Strategic Objective 5 (SO 5): Human Capital Value Chain Strengthening – 15% Weight.

No.	Key Performance Area	KPI	FY 2022-23 Audited Output	FY 2023-24 Target	FY 2023.24 Output	Measure	Reason for Deviation	Corrective Measures
5.1	Develop a capabilities (competencies) framework & personnel development strategy.	Improved functionality of HR	Not Achieved:	Develop a capabilities (competencies) framework & personnel development strategy.	Not Achieved: The capabilities (competencies) framework & personnel development strategy was not developed.	2: = (Draft competency framework and personnel development strategy)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	The skills audit which is currently underway will provide guidance in developing the strategy. Capabilities (competencies) framework & personnel development strategy will be developed and tabled at EXCO in quarter 2 of the 2024/25 financial year
	Fill in all critical roles at Exco as per approved corporate structure for the execution of the corporate plan.	Improved functionality of HR	54% of HR Policies and Procedures reviewed and approved.	Benchmark and review HR and related policies for consultation and alignment with group practices.	Achieved: The following policies were tables at REMSEC and recommended for board approval: a) Sexual Harassment Policy Framework b) Revised Performance Management Policy c) Organisational Performance Management Policy	3: = (70% Implementation)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	All HR policies are currently being reviewed through an external service provider.
	Develop a fit for purpose technical team for project development.	Improved functionality of HR	54% of HR Policies and Procedures reviewed and approved.	A formal review of the corporate services systems and processes (Policies and procedures)	Not Achieved: The following policies were tables at REMSEC and recommended for board approval: a) Sexual Harassment Policy Framework b) Revised Performance Management Policy c) Organisational Performance Management Policy	2: = (50% Implementation)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	All HR policies are currently being reviewed through an external service provider.
	Finalize the skills audit, mining competencies requirements and benchmarking exercise.	Improved functionality of HR	Not Achieved:	Finalize the skills audit, mining competencies requirements and benchmarking exercise.	Not Achieved: The skills audit, mining competencies requirements and benchmarking exercise was not finalised.	2: = (Draft skills audit, mining competencies requirements and benchmarking exercise)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Currently in the process of appointing an external service provider to conduct competence framework, job profiles, competence assessment report and comprehensive skills audit.
	Finalize the remuneration and incentives scheme framework, linked to performance management policies and procedures	Improved functionality of HR	Not Achieved:	Finalize the remuneration and incentives scheme framework, linked to performance management policies and procedures	Not Achieved: The remuneration and incentives scheme framework, linked to performance management policies and procedures not finalised.	1: = (No remuneration and incentives scheme framework)	Capacity challenges in the Corporate Service department. The General Manager: Corporate Services was appointed in the later part of 2023/24 financial year.	Remuneration and incentive scheme framework linked to performance management policies and procedure will be finalised in quarter 1 of 2024/25.

Not Assessed	Not Achieved	Below Target / Partially Achieved	On Target	Above Target	Exceptional / Ceiling
0	1	2	3	4	5

AEMFC OPERATIONS

Outlook for the Future

The focal point for the new financial year, is to conclude the CSA with Eskom, especially in the first quarter, whilst also accelerating the process to bring both the west block of Vlakfontein as well as Klippoortjie mine into operation. Our internal projects execution capacity will also have to be enhanced substantially to support the commercialisation of our capital projects.In the new financial year efforts to diversify the commodity basket for AEMFC will be intensified, as will efforts to secure new customers, especially on the export markets.

The preparatory work necessary for a positive AGSA audit outcome, which started by the establishment of an internal Audit Steering Committee in the financial year will intensify, as will efforts to improve the controls environment to facilitate and support a positive audit process and outcome. The implementation framework and associated plan for the business model will be developed and implemented in a phased approach.

The process to modernise the AEMFC's organisational mileu will intensify.An emergent organisational culture of high performance within the organisation will be strengthened further, and complimented by a compelling employee value proposition, which is centred around upholding organisational values, ethics, and corporate governance norms throughout the operations.

PASA OPERATIONS

As we progress into 2024, the oil and gas (O&G) industry continues to be influenced by four primary disruptors: geopolitical shifts, macroeconomic factors, including high-interest rates and increasing materials costs, evolving policies and regulations, and emerging advanced technologies. These elements significantly affect the industry's demand and supply, trade, and investment dynamics. Despite these challenges, the O&G industry is poised for a solid start to 2024, supported by robust financial health and sustained high oil prices, assuming no further macroeconomic downturns.

This solid financial base will enable substantial investments, underpinning disciplined capital programs and strategies focused on shareholder returns. The 2024 outlook identifies five key trends that are expected to shape the strategic focus of the O&G industry:

Energy Transition: Companies increasingly prioritise prudent capital allocation towards clean energy initiatives, focusing on effective policy implementation and transition strategies.

Critical Minerals: As part of the broader energy transition, there is a strategic move to secure positions within the supply chain for critical minerals, addressing potential risks associated with end-market fluctuations.

Global Energy Trade: The O&G industry is adapting to the dynamic landscape of global energy trade, strengthening international relationships, and exploring new markets.

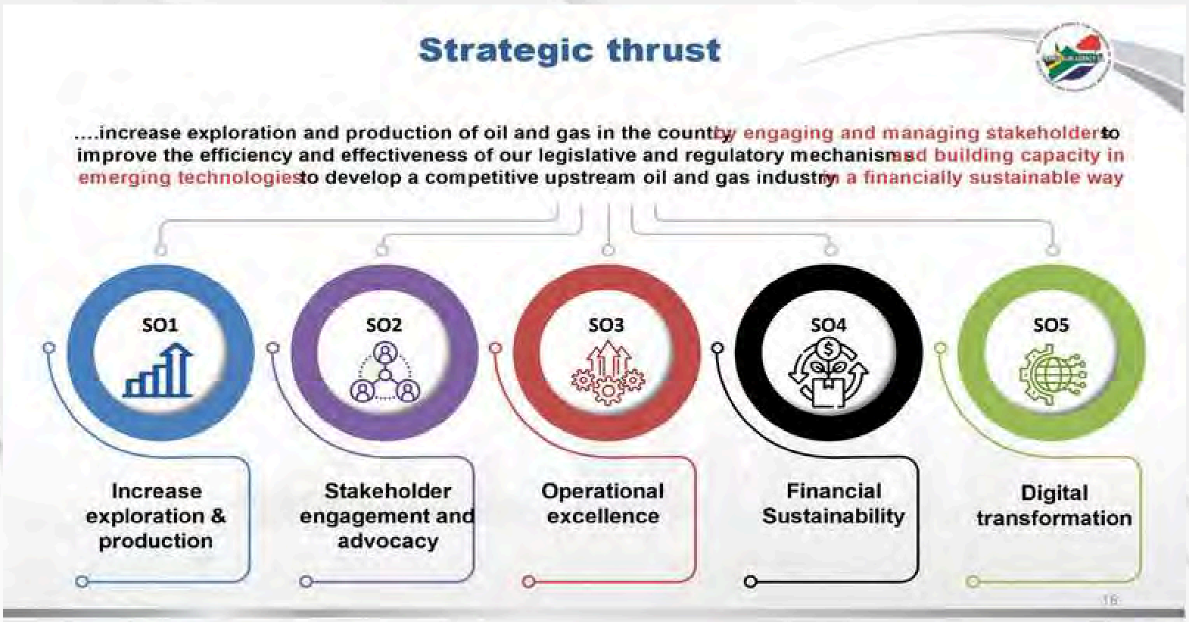
Technology Adoption: There is a growing emphasis on leveraging generative AI and other transformative technologies to foster innovation, improve operational efficiencies, and create new value streams.

Downstream Industry: Refineries are evolving to meet changing demand patterns, focusing more on flexibility and sustainability to accommodate new energy sources and products.

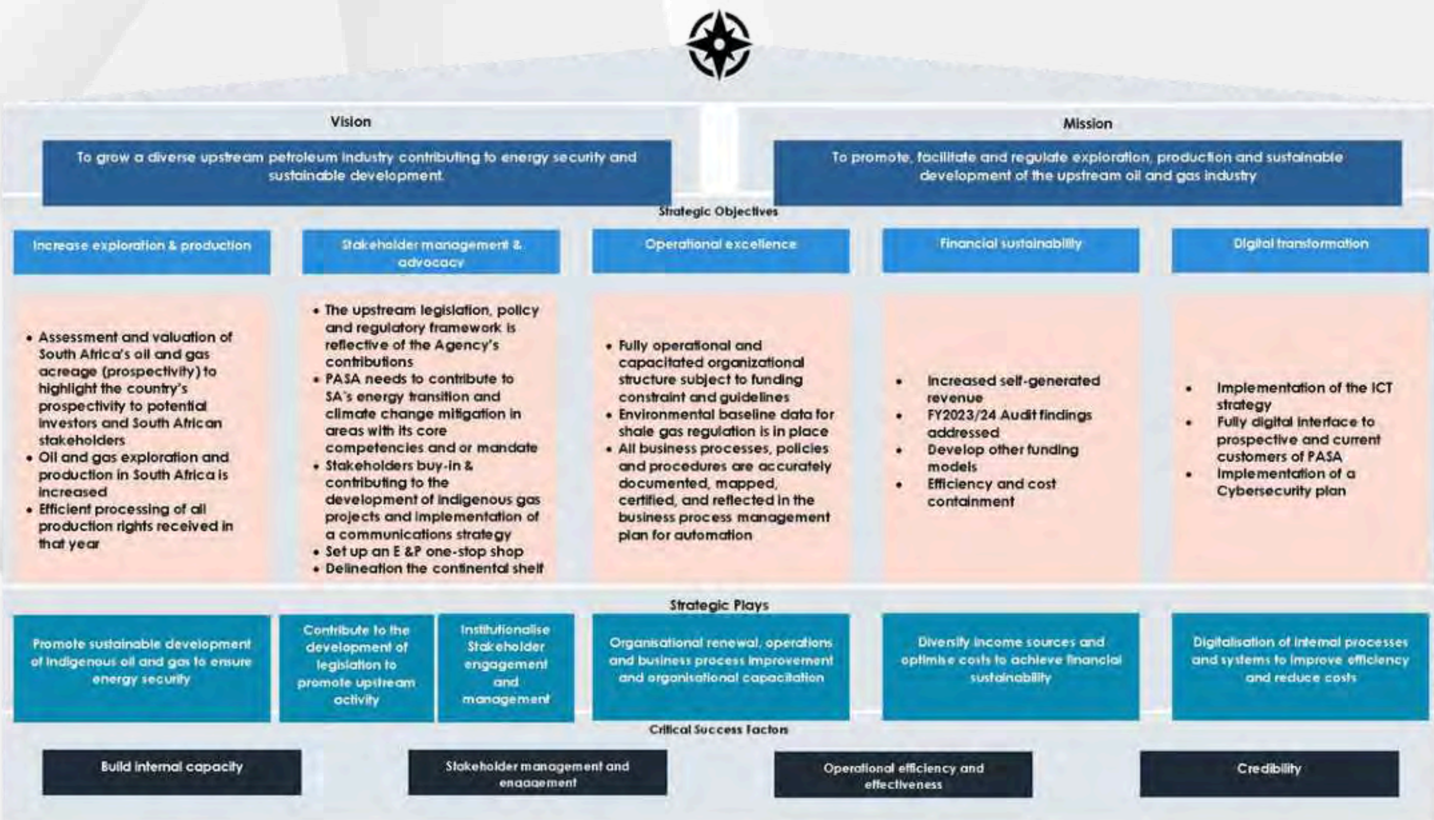
Legislative Environment

UPRD Bill: On 28 March 2024, the Select Committee on Land Reform, Environment, Mineral Resources and Energy held a virtual meeting to finalise the Upstream Petroleum Resources Development (UPRD) Bill. Eight out of nine provinces voted to support the Bill, while the Western Cape Province voted against it. It is worth noting that the Bill was adopted without any amendments and would subsequently be referred to the President for assent.

Strategic Focus



PASA OPERATIONS



Financial Performance

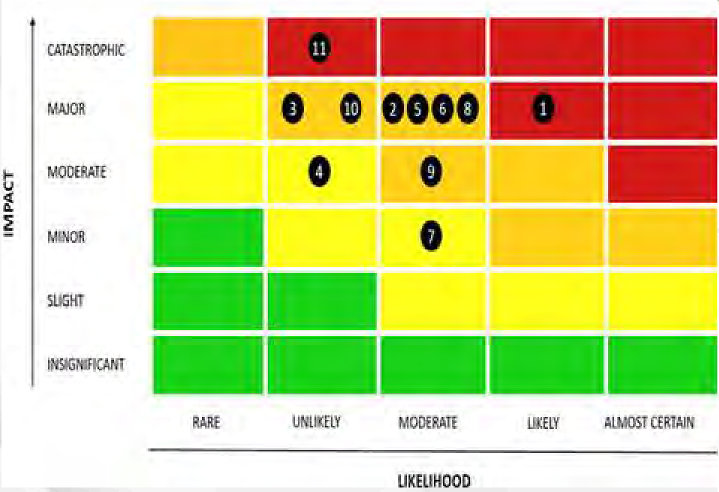
Measures of Financial Sustainability	
Profitability	Net profit: In the current year the Agency reported a net profit of R6.6 million (2023: R-12.6 million loss). Revenue: The Agency saw an increase of 65% in revenue compared to the prior year, this great performance was because of increase in data revenue sharing contracts as well as exploration fees. Government operational allocation: The Fiscus has reduced the operational allocation due to state purse being strained. Operating (Loss): The operating loss was R22 million (2023: R35 million, the operating loss was lesser than the prior due to increased revenue and cost control measures implemented. Investment income: investment income increased by 35% compared to prior year, this due to better deals that were concluded in the money market investments.
Liquidity	The Agency has a positive liquidity ratio of 3:1 (2023: 2.7:1), this indicates the potential ability of the company to fund its current liabilities in the short term. Current assets are predominately made up of short-term money market account of R337 million (2023: R380 million). The cashflows generated from operating activities continues to be inadequate to cover the short-term debts and maintain operational costs, as a result the Agency is currently utilising its reserves to fund the operations.
Solvency	The Agency's ratio is 34% (2023: 38%), the total liabilities are at acceptable level, the main liability is the deferred income R95 million (2023: R115 million) which gets reduced when the shale gas activities are carried out. The Agency doesn't owe any interest-bearing debt to debt lenders and is prohibited to borrow funds.

Operational Performance

PASA continues to execute its mandate despite operating in a volatile, complex, ambiguous and uncertain environment. Overall, the Company 3.1 performance scorecard against a target of 5. The performance was influenced by financial and human capacity constraints. However, plans were being implemented to mitigate these constraints.

PASA OPERATIONS

Entity Top Five Risks & Mitigating Tracker



	Strategic Risk
1	Global Shift to Clean Energy Sources, Potentially Hampering the Development of the Upstream Petroleum Industry
2	Regulatory and/ or Policy Uncertainty
3	Reduced Appetite for Investment in Oil and Gas
4	Misalignment on Sustainable Development, in Interpreting Government's Objectives
5	Inadequate Stakeholder Engagement
6	Increased Litigation by Interested and Affected Parties
7	Inadequate Organisational Structure to Support Strategy
8	Ineffective Business Processes
9	Inability to Secure and Generate Sufficient Revenue
10	Inability to Leverage Technology
11	Breach in Cyber Security

Summary of Business Scorecard for this Period

In line with the PFMA requirements, before the start of every financial year the Board approves the annual key performance objectives and indicators for PASA. Six (6) of the nineteen (19) Outcomes for FY 23/24 were not achieved during the financial year. The performance against the nineteen (19) pre-determined objectives for 2023/24 FY is summarised below:

Key:

Score	Meaning
n/a	Nothing due for the quarter
1 - 2	Not Achieved
3	Achieved
4 - 5	Achieved, target exceeded

PASA OPERATIONS

#	Outcome	Weighting (%)	Target 2023/24	Comments regarding the actual performance (Annual)	Q1	Q2	Q3	Q4	Annual
STRATEGIC OBJECTIVE 1: INCREASE EXPLORATION AND PRODUCTION									
1	South Africa's oil and gas prospectivity is understood by oil and gas exploration companies and investors.	7.5	80% of planned new blocks are ranked and valued by 31 March 2024 and the report submitted to the Board.	100% of planned blocks have been ranked and valued. The report was submitted to the Board Technical Committee on 31 March 2024.	3	3	3	5	5
		2.5	All stakeholder engagements outlined in the SLA are undertaken	• The COO participated at the Ministerial Roundtable and Panel on 9 & 10 Oct 2023 as part of the AoW Conference. • The COO also participated on a panel on the need for gas pipelines to aid the integration of the African continent, with a focus on SADC on 18 Oct 2023 at the Africa Energy Week conference. • Operations personnel supported the CEF/PASA booths/exhibitions at both the AoW and AEW conferences in Octobre 2023, sharing information on the country's petroleum prospectivity. • Operations geoscientists presented technical papers at the EAGE Sub-Saharan Africa Energy Forum on 4-6 March 2024. • The COO, and technical team members supported the Portfolio Committee on Mineral and Petroleum Resources and NCOP on the UPRD Bill public participation process. • The UPRD Bill was adopted by the National Assembly on 26 October 2023.	n/a	3	4	5	4
2	Oil and gas exploration and production activity is increased by progressing the preparation for the first licensing round under the new legislation (UPRDA)	5	Definitive agreements on two speculative surveys, other data acquisition or data reprocessing proposals processed, and agreements signed by 30 September 2023. Reprocessing existing data by 31 March 2024.	• The reprocessing of existing data is still underway, due to the software used by TGS CGG software) not being compatible with the data, thus delaying the extraction of the data. • The supply of alternative lines covering more than 600 line km helped resolve the problem. • TGS have confirmed receipt of the additional data, uploaded, and reformatted in preparation for the processing to commence. • TGS have had interest from CNOOC regarding the reprocessed data and sent them a proposal to pre-fund both the Full Stack Data Enhancement and the Full PSDM imaging. • A follow-up meeting is scheduled for April 2024 to further A follow-up meeting is scheduled for April 2024 to further discuss the project.	3	3	3	3	3
		3	Bid round guidelines submitted to PASA board by March 2024.	• The bid round guidelines have been submitted to the Q4, 2023/24 Board Technical Committee meeting led by Licensing and Regulation. • The guidelines drew from such comparative jurisdictions as Norway, the UK and Mozambique in how they manage the competitive bid rounds, e.g, how blocks are issued, mode of licensing, and timing of the bidding rounds.	n/a	3	n/a	3	3
3	Processing of production rights for Block 11B/12B	7	Submission recommending approval or non-approval of EA application submitted to DMRE by 31 March 2024.	• The EIA report was not submitted by the expected date. WSP, an environmental Consulting Company, however submitted a second request to extend the submission timeframe for the Final EIA report on 21 December 2023. • The extension was granted on 8 January 2024 and the final EIA report was due on 29 February 2024. • WSP submitted a third request for a further extension on 23 February 2024. The request was due to uncertainties encountered regarding TotalEnergies' flow rates acceptable at the FA Platform and market take-off. TotalEnergies has to make some decisions, which may affect the environmental impact assessment process, hence the extension request. • The extension was granted on 29 February 2024 and the final EIA Report is now due on 30 August 2024.	3	3	3	3	3

PASA OPERATIONS

STRATEGIC OBJECTIVE 2: STAKEHOLDER ENGAGEMENT & ADVOCACY

#	Outcome	Weighting (%)	Target 2023/24	Comments regarding the actual performance (Annual)	Q1	Q2	Q3	Q4	Annual
4	New legislation, policy and regulatory framework impacting the upstream oil and gas industry is reflective of the agency's contributions.	5	One proposal per oil and gas legislation / policy under development by 31 March 2024, which may include: - Draft UPRD Regulations - Exploration and Production Regulations for hydraulic fracturing - Draft UP Health and Safety Bill - Upstream Petroleum (UP) fiscal regime - The Gas Master Plan - IRP Process	Inputs were submitted onto 2 policy or legislative documents. Active participation on 3 drafting teams.	n/a	3	n/a	5	5
5	PASA needs to contribute to SA's energy transition and climate change mitigation in areas with its core competencies and or mandate	5	Presentation of position paper to the board by 31 March 2024	• The motivation for the appointment of the service provider required new approval as the cost of the successful bidder was more than the budgeted R500 000. • The revised motivation was approved on 06 February 2024. • The approval of the appointment of the service provider was subsequently made by the BAC on 08 March 2024.	3	3	1	2	1
6	Stakeholders buy-in	3	Establish perception baseline and implement a response strategy by 31 March 2024.	As part of PASA's ongoing cost-saving initiatives, Management has decided to leverage the CEF Group Corporate Perception Survey, in which PASA participated. It measured similar dimensions and perceptions in this survey's results to gauge internal and external stakeholders' perceptions without incurring additional expenses. This approach will allow PASA to achieve our intended objectives while avoiding duplication of efforts and saving financial resources, especially in light of the suspended staff resourcing of the Communications and Stakeholder Relations Department. The outcome of the group survey is expected to provide valuable insights that will help enhance our reputation and strengthen stakeholder relationships. The Perception Survey, however, excludes a Response Strategy, as it was completed in March 2024.	1	1	n/a	2	1
		1	Have SLAs with at least one PASA department signed by 30 Sept 2023	A formal SLA has been put in place between Operations Division and Comms & Stakeholder Relations. It continues to be effective, as all stakeholder Engagement interventions are led between the two Divisions, as well as Licencing.	n/a	3	n/a	3	1
		4	Have collaboration agreement(s) with at least one strategic partner signed by 30 Sept 2023.	A formal SLA has been put in place between PASA and the Maritime Business Chamber.	n/a	1	n/a	3	1
7	Contributing to the development of indigenous gas projects and development of a communications strategy	5	Implementation of strategy to support indigenous gas projects in line with the gas master plan & national energy mix by 31 March 2024	The Minister of Mineral Resources and Energy released the IRP 2023 for public comment on 4 January 2024. • It calls for the acceleration of oil and gas exploration and production on and offshore South Africa, and specifically mentions the near-term gas development projects as submitted by the Petroleum Agency. • Cabinet also approved the gazetting of the Gas Master Plan for public comment in March 2024.	3	3	3	3	3
			By 31 March 2024, there is an embed stakeholder engagement messaging to amplify the role of gas in SA energy mix (include in the perception survey)	• The Minister of Mineral Resources and Energy released the IRP 2023 for public comment on 4 January 2024. • It calls for the acceleration of oil and gas exploration and production on and offshore South Africa, and specifically mentions the near-term gas development projects as submitted by the Petroleum Agency. • Cabinet also approved the gazetting of the Gas Master Plan for public comment in March 2024.					
8	Sign off Communications Strategy	2	Communications strategy signed off by the Board by 31 December 2023	An interim Communication and Stakeholder Engagement was presented to the Board; however, it was deemed incomprehensive, and the Board provided guidance on outsourcing the services to a suitable Service Provider. A process which will be implemented w.e.f Q1 2024-25	3	2	2	2	1

PASA OPERATIONS

STRATEGIC OBJECTIVE 3: OPERATIONAL EXCELLENCE									
#	Outcome	Weighting (%)	Target 2023/24	Comments regarding the actual performance (Annual)	Q1	Q2	Q3	Q4	Annual
9	Fully operational and capacitated organizational structure	7.5	Approved by 30 April 2023. All new positions filled as per approved organogram by 31 March 2024.	Alternative resourcing options were explored in lieu of direct appointments, and these initiatives will significantly contribute towards cost savings, and avoid unaffordable future financial commitments.	3	3	3	4	3.33
			HR Readiness and Skills Audit Report for UPRD Bill submitted to EXCO by 31 March 2024	Although the Norwegian Petroleum Directorate (NPD) declined the Agency participation in the Energy for Development Programme, the institution remains the best identified option for capacitation for the UPRD imposed new roles/ responsibilities. Any training offered by NPD will be at the Agency cost. The Operators / Institutions that will be utilized in the short term for secondments/ capacitation have been identified.					
			Succession Plan Implementation Report submitted to HR Committee by 31 March 2024	The pilot succession planning initiative for the CEO position, although partially implemented due to the resignation of the incumbent provided a clear implementation framework and was effectively utilized in the cascading of the process to critical/ senior positions reporting to Executive / Senior Management. Three positions were collectively identified by Executive Management, and the implementation framework, including the development of the template were completed.					
10	Improve turnaround times for processing of applications	5	Compliant & Complete applications for petroleum permits and rights received in FY2023/24 are processed within approved time frame for submission to DMRE	6 applications out of the 15 which were due was finalised 5 days before the due date. Therefore, 3 plus 40% of complete and compliant applications were finalised 5 days before the due date.	n/a	3	n/a	4	4
11	Baseline data for shale gas regulation is in place and understanding of shale gas resource potential is enhanced.	5	Plan implemented on time and within budget. Close out report for the four work packages submission to DMRE by 31 March 2024	Project plan implemented on time and within budget. Shale Gas Phase 1 Closeout Progress Report for the four work packages was submitted to the DMRE on 31 March 2024.	3	[illegible]	[illegible]	3	3
12	All business processes, policies and procedures are accurately documented, mapped, certified, and reflected in the business process management plan for automation	5	Automation for selected business processes is completed by 31 March 2024	The business process automation report submitted. Out of the 13 business processes that were identified only 5 were completed, 3 were put on hold and the rest were awaiting the procurement process to conclude.	3	3	3	3	2
13	Facilitate local capacity development (skills, new technology, services) to support the emerging upstream industry through partnership with relevant institutions.	2.5	Have at least two collaboration agreements signed by 31 March 2024.	1. Whilst PASA has only managed to sign one MOA with the MBC for local capacity development (skills, new technology, services) to support the emerging upstream industry through partnerships with relevant institutions, PASA continues in earnest to build strategic collaborations, including a strong of partnerships with SAOGA and Abalobi Express as an implementation partner to facilitate local capacity development for upstream oil and gas. 2. PASA has taken an active role in establishing a solid and strategic collaboration partnership with the South Africa Youth Economic Council. This partnership officiated through ad-hoc sponsorship agreements, is a testament to our commitment to amplifying the story of the upstream oil and gas industry. 3. Through UTT, PASA has also collaborated with the WITS Africa Centre Energy Leadership to enhance local capacity development to support the emerging partnership.	3	3	3	3	3

PASA OPERATIONS

#	Outcome	Weighting (%)	Target 2023/24	Comments regarding the actual performance (Annual)	Q1	Q2	Q3	Q4	Annual
STRATEGIC OBJECTIVE 4: SUSTAINABILITY									
14	Increased self-generated revenue	6	Revenue analysis report demonstrating 20% (Y-on-Y) increase in self-generated revenue from data, revenue sharing, and consulting submitted to the Board by 31 March 2024.	The year-on-year revenue growth in Q4 is above 40%. Revenue sharing contract contributed more that 50% of total revenue to date, with significant data sold by Searcher on the Orange Basin area. It is worth noting that for this financial year and previous financial year, the biggest contributor to our self-generated revenue are from non-recurring sources ie once-off.	1	1	1	4	4
15	Unqualified audit with no matter of emphasis (Clean Audit) for FY 2023/2024	6	Clean Audit outcome for FY 2023/24.	The score of 3 is a placeholder. The actual score will only be known on 31 July 2024 when the external audit is finalised.	n/a	3	3	3	3
16	Good book of debtors	3	Bad debt write off to be less than 5% of total self-generated revenue for FY23/24	The % of potential write-off as % of total revenue in Q4 is 0.98%	2	2	4	4	4

#	Outcome	Weighting (%)	Target 2023/24	Comments regarding the actual performance (Annual)	Q1	Q2	Q3	Q4	Annual
STRATEGIC OBJECTIVE 5: DIGITAL TRANSFORMATION									
17	Reduced cyber risk and vulnerability and prevent PASA brand exploitation	2.5	100% of Remediation plan implemented by 31 March 2024. Report submitted to ITSC and EXCO by 31 March 2024	92% of Remediation plan implemented by March 2024 and report submitted.	3	3	3	2.8	2.9
		2.5	Identified staff able to sign documents digitally by 31 March 2024	Solution implemented and all users have enrolled onto the system.	3	3	3	4	5
18	Fit-for-purpose petroleum data available and accessible for operators and staff	2.5	All published data assets loaded into PPDM database and report submitted to EXCO by 31 March 2024	75% of agreed data has been loaded into the database.	3	3	3	2.8	2.8
19	Sign off revised ICT Strategy	2.5	The approved ICT Strategy 2023/24 - 2025/26 is implemented according to the plan	ICT Plan implemented	3	3	n/a	3	2.5

PASA OPERATIONS

Future Outlook

A financially sustainable regulatory authority that has the capabilities (skills and systems) to promote and attract investment to the upstream oil and gas industry in South Africa as well as regulate the sustainable development of the industry. Last year, the following critical success factors were identified to achieve the desired end-state of the agency:

Build internal capacity
Stakeholder engagement and management
Operating effectiveness and efficiency
Credibility

These critical success factors remain relevant, however there is an urgent need to accelerate E&P in the country given the socio-economic challenges that present themselves. Furthermore, the current fiscal challenges faced by the country has given rise to the need to look for additional resources. In lieu of this we have further identified two key focus areas that will enable us to tackle various changes that hinder the achievement of the desired outcomes. These are:

- Facilitate a one government approach
- Resource mobilisation

Facilitating a one Government Approach

In order to accelerate E&P an alignment among decision makers regarding the approach to the industry is required. This is viewed as being critical to the following challenges:

- A lack of societal and government consensus around the role of E&P within South Africa and its potential to drive development. This lack of consensus is manifest also in misalignment on the role of natural gas in the country's energy transition.
- Policy and legislative challenges that result in repeated blockage of permits and operations as a result of court challenges.
- Contradictory policy and regulatory objectives that have given rise to uncertainty among investors and operators.
- Lack of alignment between government agencies resulting in exploration and production activities being held up due to delays in processes within the competence of other government agencies.

PASA will look to facilitate a "one-stop shop" to bring key stakeholders within government together such as the provincial government, the Department of Forestry, Fisheries and the Environment (DFFE), the Department of Water Affairs, the Department of Mineral Resources and Energy (DMRE), etc. to ensure adequate alignment amongst different government departments to expedite activities and address aspects of the legislation that may be contradictory.

PASA OPERATIONS

It is envisaged that such a "one-stop-shop", in bringing all relevant stakeholders together, will facilitate the development of a blueprint for progressing E&P permits and applications in a responsible manner. Such a blueprint will ensure that a consistent and predictable process is followed across all applications in the interests of all stakeholders.

Resource Mobilisation

The mobilisation of resources is essential to solve PASA's resource constraints challenges including financial resources and human resources. These challenges as the licence fee structure which produces insufficient funding, an absence of human resources in various divisions to perform particular functions and in some cases, a lack of critical skills. Additionally, digital resources need to be improved to optimise processes and systems.

To address these resource challenges a number of initiatives have been identified with both a short- and long-term focus. These activities are summarised as follows:

- Obtaining final authorisation of the license fee increase as a means to secure additional funding for PASA in the short term;
- Securing different revenue streams through the sale of digital data packs as a means of improving revenue in the medium term
- In the longer term, ensuring that PASA is funded directly by the industry while also ensuring society perceives the value of the E&P for South Africa. In turn, thus allowing the value of a well-funded E&P regulator is appreciated.
- To alleviate human resource problems, collaboration with CEF subsidiaries should be encouraged

PETROSA OPERATIONS

The 2023/24 financial year was an incredibly challenging period for the company, characterized by a high level of macroeconomic uncertainty, inflationary pressure and weak economic growth. A key component for PetroSA was the volatility of the crude oil prices on the back of ongoing geopolitical tensions. The company continued to face significant cost pressures due to a high fixed costs structure for the maintenance of the GTL refinery that was not operational during the period under review.

These factors had a significant negative impact on the financial performance of the company, thus making it difficult to be profitable.

Legislative Environment

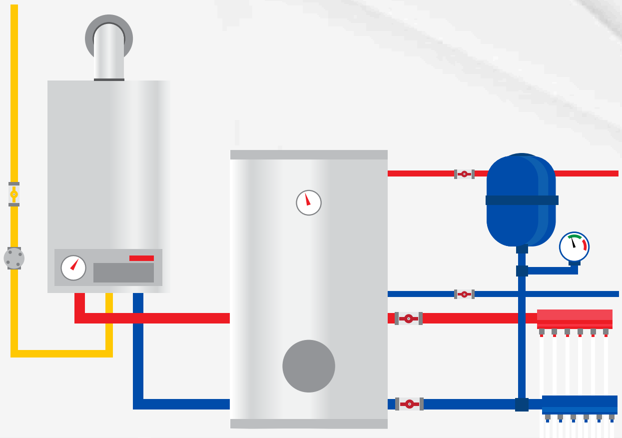
The legislative framework governing the PetroSA manufacturing, Exploration, Production licenses, permits, or Rights, compels the company to decommission and rehabilitate the environment where it has carried out its operations. Furthermore, the company is required to determine the associated cost, make a provision, annually review the adequacy of the provision, and make adjustments where required.

PetroSA has an obligation to rehabilitate and abandon its offshore and onshore operations valued at R10 billion, with cash set aside of R3.5 billion and therefore the provision is currently under funded by approximately R6.5 billion. Options to fund the shortfall are being explored and details on the mechanisms to fund the shortfall will be finalised when the Regulations Pertaining to the Financial Provision are updated and promulgated by the Department of Forestry, Fisheries, and Environment (DFFE). The date at which the financial provision must be provided for is yet to be determined by promulgation in the Government Gazette under the (National Environmental Management Act) NEMA. During the period under review, PetroSA received PFMA s54 approval from the Department of Minerals & Energy to proceed with the divestment of equity in Block 5/6/7, South Africa.

Strategic Focus

The focus of the PetroSA strategy has been on strengthening the downstream business through varied interventions including increased sales volumes and margins as well as improving trading activities. Concerted efforts are being made to turn around our trading, operations and upstream businesses. PetroSA continues to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further improve the downstream business and related margins.

Efforts are underway to re-instate the GTL refinery together with the FA platform and to secure a sustainable liquid and gas feedstock in the medium-to-long term. The re-instatement of the GTL refinery entails the decoupling and preservation of the Gas-loop and the re-instatement of the liquids refinery to process 18 000 – 36 000 Bbls/day condensate in the short term. Following the evaluation of the offers from the request for proposals tender, a strategic partner has been selected. A joint business case will be developed in the new financial year.



PETROSA OPERATIONS

Financial Performance

For the period ended 31 March 2024, PetroSA reported a net loss after tax of R942million (2023: R1.65billion profit). An impairment reversal of R710million (2023: R349 million) on PetroSA's investment in PetroSA Ghana Limited was recorded. Despite a modest increase in revenue, the company continues to incur high costs to maintain the facilities due to the cession of operations at the GTL refinery. The gross profit recorded was 2% (R524million) compared to 0.9% (R213million) reported in the prior year. Operating costs were higher at R3.1 billion (2023: R2.0billion). Investment income for the year was R495million compared to the prior year's R971million.

At the end of March 2024, the company had a cash balance of R974million. This amount excludes the R487million held by CEF. Total assets amounted to R11.6billion inclusive of cash. The company's financial position is an area of concern as the current liabilities exceed current assets by R3.3billion. A concerted effort between PetroSA and CEF is ongoing to ensure that the initiatives to turn around the company are expeditiously implemented under strict monitoring by the PetroSA Board and CEF at the weekly Tri-partite War Room meetings.

Measures of Financial Sustainability	
Profitability	The company reported a net loss after tax of R942 million (2023: R1.65 billion profit). Despite a modest increase in revenue, the company continued to be faced with significant cost pressures due to high fixed costs for the maintenance of the GTL Refinery and FA platform.
Liquidity	The cash balance was at R974 million, a substantial increase from the prior year (R42 million).
Solvency	The company's total liabilities exceed total assets by R7.2 billion, rendering the company to be technically insolvent. The scenario of technical insolvency has resulted in PetroSA not being able to meet some of its obligations at financial year-end.

Operational Performance

In December 2023, Cabinet endorsed PetroSA's recommendation to select Gazprom bank Africa as an investment partner for the reinstatement of Mossel bay GTL Refinery, subject to a bankable business case. Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The GTL refinery reinstatement project will focus on the liquids section and will utilise the condensate/light crude as feedstock.

PetroSA continues to explore new business opportunities locally and rest of Africa for the supply of finished products, which will improve further the downstream business and margins. In this regard, PetroSA successfully concluded supply agreements with Namcor – National Oil Company of Namibia. Further engagements with certain companies in Botswana, Eswatini and Mozambique are being aggressively pursued to increase the placement of finished products in these countries.

During the period under review, the company secured contracts to supply aviation fuels at the George Airport, King Shaka International and East London Airports. This is a significant stride for PetroSA as part of the initiatives of diversifying revenue and entering the aviation industry. Furthermore, PetroSA is actively pursuing the opportunity to supply jet fuel to all other private airports across the country. It is further anticipated that there will be an increase in demand for jet fuel as evidenced by the shutdown of refineries, the growth in local and international tourism and the economic forecast is that South Africa needs jet fuel due to limited local refining capacity. PetroSA is currently seeking strategic partners for collaborative gas-to-power projects. Identified off-takers were engaged to facilitate the utilization of tail gas (remaining gas in PetroSA's current offshore fields) for power generation.

PETROSA OPERATIONS

There is the option to supply the tail gas for power generation at Eskom's existing Gourikwa power station or for new infrastructure to be put in place by an independent power generator, targeting 300 Megawatts. These initiatives aim to harness currently stranded tail gas via the FA platform and tap into Block 9's gas potential through the development of existing hydrocarbon discoveries and in the long term, exploration.
PetroSA's strategy includes the establishment of a Gas Trading Business, serving as a vehicle for the company to trade gas.

The joint gas sales agreement between PetroSA and Mozambique's state-owned energy exploration and production company, Empresa Nacional de Hidrocarbonetos (ENH), has been successfully concluded. Consequently, PetroSA has secured a Gas Trading License from NERSA. The company is set to import over two (2) million gigajoules of gas annually from Mozambique via the ROMPCO pipeline, which will then be resold within the South African market. Furthermore, PetroSA is engaging with local South African companies for gas supply and is finalizing agreements with potential customers ready to partner with the company. These collaborations are aimed at bolstering PetroSA's market presence and enlarging its customer base in South Africa.

Entity Top Five Key Risks & Mitigation Tracker

Risk Type	Description of Risk	Probability	Impact	Residual Risk	Status
1) Operational Risk	Inability to fund preservation and operational requirements at the GTL Refinery	Almost Certain (5)	Catastrophic (5)	Extreme (25)	Open
2) Financial Risk	Liquidity Risk	Likely (4)	Catastrophic (5)	Extreme (20)	Open
3) Operational Risk	Inability to access the SPM	Likely (4)	Catastrophic (5)	Extreme (20)	Open
4) Financial Risk	Failure to fund and defer the decommissioning liability	Likely (4)	Catastrophic (5)	Extreme (20)	Open
5) Legal/Compliance Risks	Poor Governance and Ethical Environment	Likely (4)	Catastrophic (5)	Extreme (20)	Open

PETROSA OPERATIONS

Summary of Business Scorecard for the period

Key Performance Area	Key Performance Indicator	Weight	2023-2024 Target	2023-2024 Actual performance	Q1	Q2	Q3	Q4
1.To deliver on Transformational Initiatives	Optimise Operating Business Model and Organisational Structure 1.1	5%	New operating business model developed & organisational structure implementation by 31 March 2024	The new operating model & Strategic Business Unit structure was approved by the Board in Q2.				
	Improve BBBEE rating 1.2	5%	Level 2 B-BBEE rating	Level 9 B-BBEE rating				
2. Improve Profitability	Gross Margin Percentage (PetroSA Co.) 2.1	10%	5%	2.3%				
	Return on Capital Employed 2.2	5%	15%	-10%				
	Gross Margin Percentage (PetroSA Ghana) 2.3	5%	Budgeted Gross Margin ±5% variance	54% vs. 60%				
3. Improve Access to Funding	Secure funding solutions to enable the Corporate Plan Initiatives 3.1	10%	70%-80 of interventions funded by 30 June 2023	PetroSA engaged with various banks/funders for potential funding opportunities. Most of the banks require a National Treasury Guarantee or a Parent Guarantee.				
4. To improve partnership & stakeholder engagement	Implement Stakeholder & Partnership Engagement Plan 4.1	5%	70%-80% Implementation of Approved Plan by 31 March 2024	Various stakeholder engagements were held with key stakeholders such as Offshore Insurers, banks, SARS, Joint Venture partners, DMRE, CEF, PASA, ACSA, B2B partners, SFF, SAPIA, labour unions and the Mossel Bay Stakeholder Forum.				
5. Improve HSSEQ Performance	HSSEQ Management Index 5.1	8%	HSSEQ Index of 3	HSSEQ Index of 3.6				
	Compliance to HSSEQ Legislative Framework 5.2	6%	75-84% resolution of compliance Notices, Instructions and/or non-compliances raised by external authorities in a given FY	36.7% non-compliances raised by external authorities during the course of the year.				
6. Optimise - Downstream Business Strategy	Sustain existing market share through imports of finished products 6.1	15%	3.5 billion litres	1.6 billion litres				
	Increase fuel sales by implementing Africa business 6.2	6%	200 million litres	51.6 million litres				
7. Growth Initiatives	Complete feasibility phase for Fast Power project 7.1	10%	31 October 2023	The feasibility study for Gas to Power has not been completed due to the absence of secured offtake agreements for the gas.				
	Review decommissioning philosophy with a view to reduce overall liability 7.2	10%	Reduce overall decommissioning liability by 50%	The target was not achieved. PetroSA signed a contract with a third party for further optimisation studies and the development of the NEMA Financial Provisioning Regulations Compliance documents.				

Not Assessed.	Not Achieved.	Below Target / Partially Achieved	On Target	Above Target	Exceptional / Ceiling
0	1	2	3	4	5

PETROSA OPERATIONS

Future Outlook

Despite facing a challenging external environment, PetroSA remains committed to stabilise and improve performance of the business to ensure long term sustainability. Focus for the ensuing period will be on accelerating new initiatives to increase revenues, the reinstatement of the GTL refinery and FA platform as well as supporting the national objectives of developing reliable and environmentally friendly power generation assets fueled by natural gas.

Furthermore, PetroSA will continue to receive support from PetroSA Ghana Limited in the form of dividend income which will aid the liquidity of the company whilst enabling growth and long-term initiatives to be realised.

iGAS OPERATIONS

iGas, The South African Gas Development Company (SOC) Ltd is the mandated South African State-Owned Entity (SOE) for gas and gas infrastructure development, purposed to develop gas and gas infrastructure in both South and Southern Africa. iGas operations involves the management of its primary asset, the ROMPCO cross-border gas transmission pipeline from Mozambique to South Africa.

Other activities include the development of gas related business opportunities to generate alternate revenue streams. This is done with a very lean structure of technical expertise, relying on a Service Level Agreement (SLA) with the parent company, CEF for the provision of financial, administrative, and other key functions and services necessary for the effective running of the company.

iGas generates most of its income via the dividend stream from its 40% shareholding in ROMPCO, the Republic of Mozambique Pipeline Company. This shareholding increased from 25% in FY23 through the successful completion of the additional share purchase transaction. To facilitate the transaction, iGas accumulated debt of R3.04 billion from Standard Bank South Africa (SBSA). As of 31 March 2024, the outstanding loan balance is R2.2 billion. Other revenue is generated via interest from cash held in the money market and a loan advanced to CMG. Accumulated cash reserves for the financial year ended 31 March 2024 is R1.46 billion. The increase in cash from the previous financial year is the result of dividends received from ROMPCO of R920 million. The resulting net profit for FY24 is R853 million.

Operating Environment

The international economic environment proved to be volatile with Brent crude decreasing to lows around the 70$/bbl mark in the first quarter but then reversing the trend in the second quarter to reach highs around the 95$/bbl mark. This was followed by price decreases in the third quarter and once again price increases in the last quarter, closing the year a marginal 2% higher compared to the start of the year. This price instability was driven by output cuts from the Opec+ Block, countered by world supply growth driven by non-Opec producers let by the USA, Guyana, Brazil and Canada.

In contract to the oil price, natural gas markets moved towards a gradual rebalancing in FY24, despite tighter supply fundamentals. Demand reductions in Europe and mature markets in Asia softened the impact of the gas supply shock of FY23, with prices dropping significantly across the financial year despite the seasonal winter peaks. Henry Hub (HH) decreased 16%, the LNG Japanese-Korea Marker (JKM) decreased 25% and the Dutch Title Transfer Facility (TTF) decreased 48%. Nevertheless, natural gas markets are expected to see a return to strong growth in FY25, primarily driven by the industrial and power sectors in fast-growing economies in Asia and gas-rich countries in Africa and the Middle East. An expected return to average winter weather conditions, after exceptionally mild northern hemisphere winters for the past 2 years, is expected to support higher demand for space heating in that region. However, the continued expansion of renewables and improving nuclear availability are likely to temper requirements for gas-fired power generation in mature markets, supporting lower gas prices.

High inventory levels together with an improving supply outlook are providing gas markets with some reassurance for FY25 providing further support for the continuation of lower gas prices. However, geopolitical tensions, rising shipping constraints, LNG project delays and adverse weather conditions could renew market tensions and fuel price volatility. Security of supply for natural gas remains a key aspect of energy policymaking both internationally and locally, and the risks related to the outlook highlight the need to strengthen international co-operation, including in assessing and implementing flexibility options along gas and LNG value chains. Although the oil price does not impact iGas directly, it will impact South Africa and brent indexed LNG import prices as the Coega (CEF), Saldanha (CEF) and Richards Bay (Transnet) LNG import projects gain momentum. iGas and CEF will therefore continue to monitor oil, gas and LNG prices as these projects develop.

iGAS OPERATIONS

The ZAR continued to demonstrate its volatility against the $US and other major currencies, but within an increasingly tighter margin as the year progressed. However, the currency still decreased 6.25% across FY24, highlighting the currency's gradual decrease over time

Legislative Environment

iGas received PFMA Section 54(2)(c) approval from the Executive Authority to proceed with the ROMPCO share purchase transaction in FY22 and concluded the transaction in FY23. There were no major legislative occurrences in FY24.

Strategic Focus

The Strategic Objectives for FY24 were:

Commercial Sustainability: Expand and manage existing gas transmission investments.

Strategic Growth: Secure alternative gas supply and drive new infrastructure to enable the Gas Master Plan and diversify revenue by 2028.

SANPC Enablement: Support the establishment and stabilisation of the SANPC to realize synergies and enable growth.

Corporate Excellence: Employ a fit for purpose operating model to enable strategic intent and increase organizational efficiency.

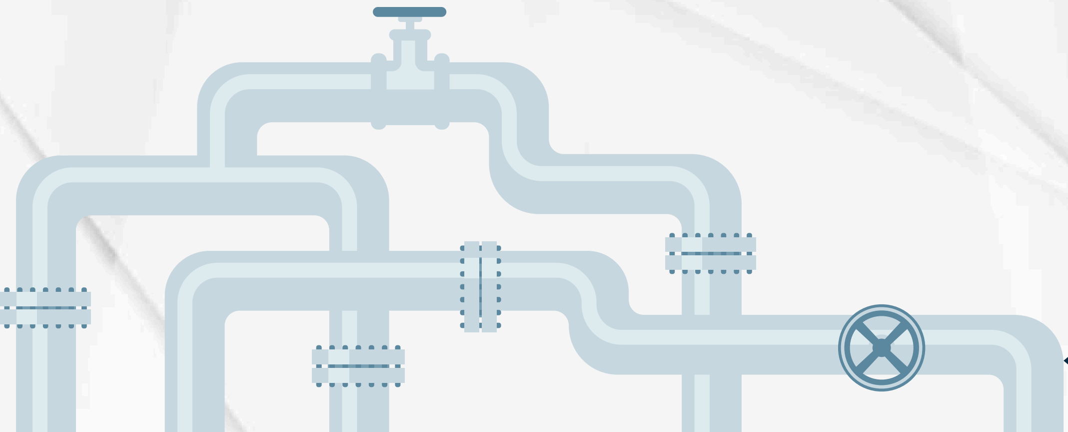
Organizational capacitation & Human Capital performance: Capacitate iGas and manage human capital performance to enable strategic ambitions.

Corporate governance & ERM: Uphold good governance principles and responsibly manage corporate risk.

Stakeholder management & socio-economic transformation: Promote strong stakeholder relationships and support government's transformation/ sustainability objectives as a responsible corporate citizen.

These strategic objectives were further broken down into initiatives and associated Key Performance Indictors (KPIs) to be delivered in FY24, as well as targets for the rest of the planning period. At a high level, in responding to the complex economic and operating environment; pursuing these strategic objectives; and implementing the iGas strategy for the planning period as articulated through the Corporate Plan, the key activities that iGas focused on were:

- Management of ROMPCO and the ROMPCO Dividend, ensuring financial sustainability;
- Additional gas supply from Mozambique, addressing the iGas and CEF Group growth strategy, financial sustainability, and security of supply



iGAS OPERATIONS

Financial Performance

For the period ended 31 March 2024, iGas generated a net profit of R853 million, which is higher than the budgeted net profit of R690 million by R163 million. This positive variance is attributable to higher dividends received; higher other income; , and higher net interest income.

The company remains liquid and solvent with a total asset value of R6.6 billion (of which R1.46 billion is a cash balance) and liabilities of R2.2 billion. As of 31 March 2024, the gearing ratio was 34% total liabilities: 66% total equity, as iGas holds an external loan of R2.2 billion from SBSA which was secured for the ROMPCO share purchase transaction to acquire an additional 15% in ROMPCO and to assist the Mozambican Government counterparts to do the same. In the FY25 financial year, iGas has budgeted to invest R140 million towards the 2 MGJ/a gas trading joint venture between PetroSA and ENH of Mozambique via a working capital loan (trade finance).

Measures of Financial Sustainability	
Profitability	Return on capital employed: Net Profit Budget: Net profit = R690 million Actual: Net profit = R854 million Return is above target. *Net profit generated is above target due to underspending on operating expenditure, higher other income, dividends received and net interest income.* Return on surplus cash: Average interest rate (NACM) Target: Return on cash of = 7.66% Actual: Return on cash of = 8.73%
Liquidity	Operating cash flow ratio Target: Operating cash flow ratio= 128.4:1 Actual: Operating Cash flow ratio = 88.6:1 Ratio is below target *iGas generated a positive cashflow from operations but the ratio is below target mainly due to an increase in current liabilities.*
Solvency	Maintain a gearing ratio of 40% Total Liabilities: 60% Total Equity Actual: 34% total liabilities: 66% Total equity Ratio within target *iGas holds external debt in the form of an external loan and supplier debts owed.*

Operational Performance

No new material projects were commissioned in FY24.

Management of the ROMPCO Share Purchase Loan with SBSA and to CMG: The ROMPCO share purchase transaction was completed in FY23 whereby iGas and CMG each purchased 15% of the 30% shares on offer by Sasol. CMG did not have the financial resources and requested financial assistance from iGas, which iGas provided in order to ensure that iGas would be successful in exercising its pre-emption.

iGas entered into a syndicated loan agreement with Standard Bank for R3,04 billion to fund a portion of the 30% purchase price of the Sasol shares in ROMPCO and paid a further amount of R1.15 billion as the equity portion towards the 30% of purchase price of the 30% shares. iGas further signed a back-to-back loan with CMG (in relation to a Facility B Loan) for their 50% share of the Standard Bank syndicated loan of R1.52 billion and another loan of R573 million (Facility A) for the CMG 50% share of the cash portion iGas paid towards the 30% equity in ROMPCO. Therefore, the total debt and equity of R4.19 billion incurred by iGas is for the full 30% of ROMPCO shares sold by Sasol.

CMG's 15% dividend relating to the new shares are paid by ROMPCO into the iGas Operating Account. iGas pays 0.3% of this to CMG. The Balance of 14.7% goes towards repayment of the Standard Ban Loan. Currently, this does not fund the full loan repayment to Standard Bank.

iGAS OPERATIONS

The shortfall is approximately R50 million / year totaling R98,259,756 at the end of FY24. This shortfall is being paid by iGas. No payments are made towards the Facility A loan. The intention is for this to be repaid after the Facility B Standard Bank loan is paid. This shortfall was anticipated, therefore, in the loan agreement with CMG, it was agreed that any amount that becomes unpayable will accrue interest; and will be paid by CMG via a portfolio of projects to be made available to iGas for selection and partnership at no cost as part of beneficiation to recover any unpayable funds. The aforementioned, will only be determined at the end of the contract (28 March 2028). Currently the total shortfall for the Standard Bank loan (Facility B) is anticipated to be R600 million.

ENH, the CMG parent company forwarded iGas a portfolio of projects that will fulfil the abovementioned requirement. These are five (5) upstream onshore blocks located in the Rovuma Basin in Northern Mozambique and the coastal Mozambique Basin in Central and South Mozambique comprising: Rovuma Onshore, Inhaminga, Teca, MZ09 and the Palmeira (P5A) blocks. iGas solicited PetroSA expertise in the evaluation of the blocks and associated data in order to evaluate the potential of these blocks to cover the CMG shortfall. The recommendations from the evaluation of the Blocks are that: a data-room needs to be arranged with ENH for the open Blocks so that PetroSA can conduct a full evaluation. The focus should be on blocks that are in close proximity to infrastructure and producing fields assets, i.e., near the Pande and Temane fields and the ROMPCO pipeline to be able to export the gas to existing markets at minimal cost.

However, it was further highlighted that these blocks are still at the exploration level and will require capital for both exploration and production; and have risk associated with E&P, that compounds the risk for iGas. Hence PetroSA and iGas had additional considerations / proposals to enter into other Mature Blocks such as Buzi, Mazenga or PT5-C so that the shortfall can be recovered without the need for additional investment or risk. These results were presented to ENH in June 2023. Although well received, the ENH officials present indicated that they were not the ones with whom to engage for such interactions. Commitments were made to direct the interaction to the appropriate officials within ENH and to provide the necessary contact details. However, all attempts to reach the individual via email and telephone have been unsuccessful. The matter has since been escalated to the iGas Interim CEO and to the Minister via the DMPR Director on the iGas Board.

iGAS OPERATIONS

MGJ/a Gas Trading Joint Venture with ENH of Mozambique: iGas signed a Term Sheet with Empresa Nacional de Hidrocarbonetos (ENH) of Mozambique to enter into a Gas Trading Joint Venture to sell 2 MGJ/a of Mozambican Gas into the South African Market. The intention is to set up the JVCo in FY23 and begin trading in FY24. However, in FY23, the project was transferred to PetroSA. iGas nevertheless continues to provide support to PetroSA for the continued development of the project. iGas has also budgeted for the provision of a R140 million Working Capital loan (trade finance) to the Joint Venture at an interest rate equal to the CEF Group WACC (15%).

To date, the Gas Sales Agreement (GSA) between PetroSA and ENH have been signed and the MOI and SHA for the establishment of the joint venture company have been finalised. The ITAC Import and NERSA Gas Trading Licenses have been granted and PetroSA is currently busy with the Gas Pricing Application with NERSA. Concurrently, the Gas Transportation Agreements (GTA's) with ROMPCO and Sasol Gas are being negotiated and potential downstream customers are being engaged to offtake the gas.

Link to Strategic Objective	Description of Risk	Probability	Impact	Residual Risk	Status
Commercial Sustainability	Time-bound (2029) Financial Sustainability	Medium	High	Medium	iGas' financial sustainability is limited to 2029 when the current Sasol contracts with ROMPCO will end and dividends from ROMPCO will fall off rapidly.
Strategic Growth	Non-Diversification of opportunities and income streams	Medium	High	Medium	iGas currently has a single income stream and requires diversification of opportunities to increase the income streams. Diversification of income stream via working capital loan (trade finance) to the PetroSA – ENH Gas Trading Joint Venture.
Organisational Capitation and Human Capital Performance	Inadequate Human Resources	High	Medium	Medium	Due to the iGas-PetroSA-SFF Merger, iGas will not be capacitated. Resources are to be provided from CEF and the Group as required. However, the risk remains as CEF and the Group are also resource constrained.
Commercial Sustainability	CMG Loan Repayment	High	High	High	iGas receives 14.7% of the ROMPCO CMG Dividend for repayment of their loan from iGas for the ROMPCO Share Purchase Agreement. However, this is insufficient to cover both the SBSA loan and the iGas Equity Loan to CMG, resulting in a shortfall that increases with every payment. As per the agreements for the loan, any amount that becomes unpayable: • will accrue interest; and • will be paid by CMG via a portfolio of projects to be made available to iGas for selection and partnership at no cost as part of beneficiation to recover any unpayable funds. • The aforementioned will only be determined at the end of the contract (28 March 2028). The outstanding debt by March 2028 is anticipated to be R600 million. For the 4 payments made to date, the debt currently stands at R98.3 million. Upstream opportunities provided by ENH have been reviewed with the assistance of PetroSA and recommendations presented to ENH. However, ENH has not responded. The matter has been escalated to the CEO and the Minister via the DMPR Director on the iGas Board.

iGAS OPERATIONS

Summary of Business Scorecard for the period

	Key Performance Indicator	Weight	2023-2024 Target	2023-2024 Actual performance	Q1	Q2	Q3	Q4	Target
1	Profitability: Dividend received from ROMPCO	20%	R792 million ± 20% for 40% shareholding in ROMPCO.	R920 million Dividend received from ROMPCO for 40% shareholding. This equals R792 million +16.16%.	3	3	3	5	5
2	ROMPCO Directorate: Proportional representation on ROMPCO Board as per 40% shareholding	5%	Proportionate representation on ROMPCO board as per 40% shareholding.	iGas Board Approved nominations of 2 additional members to the ROMPCO Board in October 2023. Nominated members and the Rompco Board were informed. However, Board Members are not active on request from CMG as it is not going to change the voting structure. This is outside the control of iGas.	3	3	3	3	3
3	ROMPCO Project Transformer: Board Approved implementation plan to exit OMA	5%	Approved implementation plan for OMA exit (for ROMPCO to exit the Operations and Maintenance Agreement with Sasol).	Concept Design completed in July 2023, and Detailed Design completed between September 2023 and March 2024. However, the plan was not approved by the ROMPCO Board by end of the Financial Year. A Special Board meeting was targeted for end March 2024 for the final decision. However, the meeting only took place in April 2024. At the Meeting there was alignment amongst the directors to proceed with Phase 2 of transformer. However, all directors were requested to deliberate further with their respective company for final decision. iGas and CMG approved Phase 2 implementation but Sasol did not approve implementation.	3	3	3	2	2
4	2 x Opportunities identified, evaluated, and presented to the iGas Board for gas or Gas infrastructure investment.	10%	2 x Opportunities identified, evaluated, and presented to the iGas Board	Identified opportunity for the provision of R140 million to R200 million Working Capital loan (trade finance) to the PetroSA-ENH Gas Trading Joint Venture. However, the loan application was only received in Q4 and the loan agreements not developed.	3	1	1	1	1
5	Execution of project management phases: Technical support on CEF Group gas and gas infrastructure project	10%	EXCO approved technical assessments.	*PetroSA-ENH 2 MGJ/a Gas Trading JV:* GSA signed off by both parties; MOI and SHA Agreed; NERSA Gas trading license granted to PetroSA; Currently busy with Gas Pricing Application. *CEF-Sasol-EMH MOC:* This was a Sasol initiative that has now "gone quiet" supposedly because of the disagreement on the ROMPCO Directorship matter.	3	2	2	2	2
6	Transition Project Schedule: Completion of the transfer of assets and business integration initiatives within stated timeframes	10%	Conclusion of the Lease-and-Assign Agreement(s) by Q4 2023/24.	Lease and Assignment Agreement received, reviewed, and signed in Q2 with CP's to address the SBSA Loan.	3	5	5	5	5
7	Resource Plan: REQUIRES BUY-IN FROM CEF AND MERGER PROJECT	15%	Conclude all corporate capacitation arrangements to support the delivery of strategic objectives in line with Shared Services and merger priorities.	Due to the Merger, Agreement at iGas Board in Q2 to maintain current resource level with resources from CEF and the Group to be utilised as required. As such the Resource Plan was agreed and implemented in Q2.	2	5	5	5	5
8	CEF Based Risk Maturity Plan for iGas	15%	Achieve Level 2 of ERM maturity.	CEF Based Risk Maturity Plan implemented for iGas. Achieved Risk Maturity Level 3.	5	5	4	4	4
9	Stakeholder Management Plan Approved and Managed with Quarterly Reporting	10%	Stakeholder Management Plan Approved and Managed with Quarterly Reporting.	Stakeholder Management Plan Approved as part of the Corporate Plan Approval. Managed with Quarterly Reporting as per Section 10 and Annexure 1 of the Quarterly Reports.	3	3	3	3	3
	Weighted Overall Performance								3.30
	Weighted Overall Performance (percentage)								110%

Not Assessed.	Not Achieved.	Below Target / Partially Achieved	On Target	Above Target	Exceptional / Ceiling
0	1	2	3	4	5

iGAS OPERATIONS

Future Outlook

With the planned merger between PetroSA, iGas and SFF to form the South African National Petroleum Company, (SANPC) as a backdrop to the FY25 activities, iGas will seek to:

- Continue to manage its interests in ROMPCO at both financial and management levels, ensuring continued dividend flow and hence profitability for iGas, as well as addressing the required increase in iGas Directors at the ROMPCO Board following the additional shares purchased by iGas;
- Identify evaluate and present opportunities in the gas and gas infrastructure space to the iGas Board for approval;
- Provide technical support to the CEF Group as required;
- Conclude the Specific Project Agreement(s) between iGas and the SANPC as required by the merger architecture;
- Achieve Level 4 for ERM Maturity; and
- Continue with current Stakeholder Management and reporting activities as per the approved Stakeholder Management Plan.

SFF OPERATIONS

The SFF Association ("SFF") is the strategic fuels reserve agency of the Republic of South Africa. SFF's mandate is to ensure the security of supply of strategic fuels and it achieves this mandate by investing, owning, and operating storage facilities for crude oil, refined petroleum products and liquid petroleum products which are located mainly in the Western Cape Province.

SFF does not receive financial assistance from the State and therefore must fund the security of strategic fuel supply by undertaking other commercial activities. To this end, all income received by SFF is used to pursue security of supply initiatives. During the reporting period, the external operating environment encountered significant challenges due to the global economic impact of the ongoing conflict between Russia and Ukraine. At the onset of the conflict, oil prices spiked to as much as $127 per barrel, leading to a sharp increase in fuel prices both domestically and globally. In response, the government implemented fuel subsidies, instructing SFF to fund these subsidies through the sale of strategic stocks. Although crude oil prices have since dropped below $80 per barrel, this situation remains challenging for SFF, as it must still generate revenue to offset the taxes foregone by the National Treasury due to the sale of strategic stock. Additionally, the backwardated market and decreased demand for crude oil storage have further reduced operating income.

Operating Environment

The business of SFF is to procure and store fuels that are of strategic importance to the Republic, not for gain but in the communal interest of South Africans. SFF's primary operating model is to build, own and operate imported crude oil and petroleum products storage and handling infrastructure i.e., bulk fuels importation facilities that are significantly large to exploit the economies of shipping oil in large quantities. The business is primarily focused on the international crude oil flows and a geo-specific market for refined petroleum products in South Africa. This mode of operating the business exposes SFF to the gyrations of the international crude oil market prices and their impact on the international traders' demand for crude oil storage. SFF relies on several income streams, including rental income from leasing crude oil storage tanks at Saldanha Bay in a backwardated crude oil futures market, fees for handling third-party-owned crude oil and petroleum products, revenue from Avedia Energy, and income from throughput at its newly acquired petroleum products terminal. Furthermore, SFF plans to initiate trading activities in the next financial year.

Legislative Environment

Saldanha Terminal:

- The Terminal's Air Emission License (AEL) was successfully renewed and is valid for five years, starting from September 2023.
- An external audit for the renewal of the Waste License was conducted by both National and Local Municipality Authorities, in accordance with NEM:WA requirements. The Terminal's Waste License has been reissued and is now valid for 10 years.

Milnerton Terminal:

- The Terminal is in the process of procuring the services of an independent Environmental Assessment Practitioner to facilitate the renewal of the Air Emission License (AEL), which expired in May 2020.

Ogies Terminal:

- Motivations to forego applying for environmental authorizations for Water Use and Waste Licenses have been submitted to the Department of Environmental Affairs (DEA) and subsequently to the Department of Water and Sanitation (DWS). Both departments have yet to respond to these submissions.

Coega LNG Import Facility

- Received the s79 from Minister of Transport to develop and construct an LNG Import Facility in Coega IDZ.
- Draft Terminal Operator Agreement was finalized between SFF and TNPA, submitted for approvals to be signed in the 2024/25 Financial year.

SFF OPERATIONS

Berth 104 & LPG Pipeline:

- NERSA Construction Licence.
- Ministerial Directive for the Sale of Strategic Stock
- A Ministerial Directive was issued to sell strategic stock in order to recoup costs incurred by the fiscus from the reduction of the fuel levy for the months of April and May 2022.
- The sale of strategic stock was originally planned for the 2022/23 financial year. However, due to a prolonged approval process under Section 54 and a subsequent decline in oil prices, the sale did not take place. It is now expected to be executed during the budget period of the 2024/25 financial year.

Strategic Focus

The business operations and income streams of SFF are significantly impacted by fluctuations in the international spot and future market prices of crude oil—factors beyond the company's control. To mitigate the income risks associated with this market volatility, SFF has implemented a strategy focused on diversifying income streams and reducing the sensitivity of its profitability to crude oil prices. A key element of this strategy is the development and/or acquisition of oil and gas storage and handling infrastructure within South Africa's main supply corridors for refined petroleum products.

Alongside this infrastructure development, SFF has also initiated upstream oil exploration activities, with the long-term strategic goal of achieving energy independence for South Africa, a non-producing country. The diversification strategy also emphasizes the development of a governance framework, structures, and policies for the hydrocarbons trading division within SFF.

SFF OPERATIONS

Operating Performance

The business of SFF is to procure and store fuels that are of strategic importance to the Republic, not for gain but in the communal interest of South Africans. SFF's primary operating model is to build, own and operate imported crude oil and petroleum products storage and handling infrastructure i.e., bulk fuels importation facilities that are significantly large to exploit the economies of shipping oil in large quantities.

The business is primarily focused on the international crude oil flows and a geo-specific market for refined petroleum products in South Africa. This mode of operating the business exposes SFF to the gyrations of the international crude oil market prices and their impact on the international traders' demand for crude oil storage. SFF relies on several income streams, including rental income from leasing crude oil storage tanks at Saldanha Bay in a backwardated crude oil futures market, fees for handling third-party-owned crude oil and petroleum products, revenue from Avedia Energy, and income from throughput at its newly acquired petroleum products terminal. Furthermore, SFF plans to initiate trading activities in the next financial year.

Financial Performance

Despite the market remaining in backwardation, the SFF Group generated R1.8 billion in revenue. This was primarily driven by the sale of approximately 1 million barrels of strategic stock to a customer, which helped keep the refinery operational and ensured security of supply. However, despite this significant revenue achievement, the SFF Group ended the financial year with a net loss of R313 million (with SFF itself posting a net loss of R286 million). The net loss was primarily due to a R2 billion payment made to National Treasury as a partial settlement of the R6 billion owed to offset the deficit related to the fuel levy relief granted to consumers in April 2022. Without this payment, SFF would have ended the year in a profitable position.

Highlights: The BPSA Montague Gardens Terminal, acquired in the previous financial year, has integrated smoothly into SFF's operations. While there remains significant potential to further optimize this asset acquisition, it is already generating consistent revenue. Additionally, SFF sold approximately one million barrels of crude oil to ensure the continued operation of the refinery, successfully fulfilling its mandate to ensure security of supply.

Lowlights: SFF was unable to fully settle the R6 billion owed to National Treasury by the 31st of March 2024; however, a partial payment of R2 billion was made. The ongoing backwardation in the market prevented SFF from securing any tenants for the storage tanks in Saldanha. Additionally, the SFF Group incurred a loss for the 2023/24 financial year, primarily due to the R2 billion payment made to National Treasury.

Measures of Financial Sustainability		
	SFF Group	SFF
Profitability	**Turnover:** R1.846 billion **EBITDA:** (R669 million) loss **EBITDA margin:** (36.26) %	**Turnover:** R1.834 billion **EBITDA:** (R665) million loss **EBITDA margin:** (36.25%)
Liquidity	**Current Assets:** R6.379 billion **Current Liabilities:** R358 million **Liquidity ratio:** 17.82	**Current Assets:** R6.378 billion **Current Liabilities:** R348 million **Liquidity ratio:** 18.33
Solvency	**Total Assets:** R10.856 billion **Total Liabilities:** R1.480 billion **Total Equity:** R9.376 billion **Solvency ratio:** 7.34% **Debt to equity ratio:** 15.78 %	**Total Assets:** R10.808 billion **Total Liabilities:** R1.453 billion **Total Equity:** R9.355 billion **Solvency ratio:** 7.44% **Debt to equity ratio:** 15.53%
Both the liquidity and solvency ratios are above the required benchmark. The SFF Group's position remains stable and able to meet its obligations.		

SFF OPERATIONS

Non-Financial Environment

SFF appointed a verification agency to conduct its B-BBEE verification for the period from 1 April 2023 to 31 March 2024. Unfortunately, SFF received a non-compliant status for this verification period. To improve the rating in the future, SFF has initiated an action plan that focuses on enhancing Skills Development, expanding Supply Development initiatives, and strengthening Enterprise Development initiatives.

Progress on the reduction of irregular, fruitless and wasteful expenditure

The business has an established and functional Loss Control Committee. Several irregular, fruitless and wasteful expenditure items have been investigated. Write-off submissions for fruitless and wasteful expenditure has been compiled, approved and the related transactions written off. Similarly, condonations are being prepared for irregular expenditure for condonation. Amounts are recovered where applicable.

The invoices in dispute relates to:

- City of Cape Town in relation to estimate readings being provided on invoices.
- CEF (Pty) Ltd in relation to invoices outstanding from PetroSA whereby the parent company was a guarantor. Invoices withheld until PetroSA pays SFF. In addition, payment of invoices was withheld in order to recover fruitless and wasteful expenditure incurred by the parent company.

Material projects commissioned and completed during the year.

- The Acquisition of Gravity Magnetic Data Survey in South Sudan was completed ahead of schedule. The interpretation of the data and the finalisation of the report will be concluded in the next financial year.
- The FEL 01 (Pre-Feasibility) report for the development of the Natcos Project, which involves converting three crude oil tanks into final product tanks, was submitted and approved for progression to the second phase of feasibility (FEL 2). This next phase includes signing the Joint Development Agreement (JDA) with Transnet Pipelines (TPL) and completing the Detailed Technical Design, which aims to improve the Capex estimation accuracy to within 30%.
- The Durban South Tank Farm and SBM development project has progressed to the second phase of feasibility (FEL 2), to explore converting the existing crude oil infrastructure into a finished product import terminal. This aims to reduce dependency on Island View for over 60% of the country's finished product imports. Additionally, the study will investigate converting the crude oil SBM to a dual SBM to enhance its utilization and reduce operating costs.

SFF OPERATIONS

- The process of designing, constructing, and connecting the LPG pipeline from the Saldanha Jetty (Berth 104) to the Avedia LPG Terminal has commenced, with the NERSA construction license secured. Consulting engineers have been appointed to begin the design phase for this project.
- The refurbishment of four crude oil tanks at the Milnerton Tank Farm project is ongoing.
- The Northern Cape Fuels Terminal project has been approved to advance to the third phase of feasibility (FEL 3). This phase will involve Detailed Technical Design to refine Capex estimation to within 10% accuracy and will include negotiations with fuel off-takers to finalize Letters of Intent.
- A service provider has been appointed to conduct an Upstream Business Case for an African Engagement Strategy, with the report expected to be finalized in the 2024/25 financial year.

Material projects under study

- Coega LNG Importation Terminal

Entity Top Five Key Risks & Mitigation Tracking

The business of SFF is to procure and store fuels that are of strategic importance to the Republic, not for gain but in the communal interest of South Africans. SFF's primary operating model is to build, own and operate imported crude oil and petroleum products storage and handling infrastructure i.e., bulk fuels importation facilities that are significantly large to exploit the economies of shipping oil in large quantities. The business is primarily focused on the international crude oil flows and a geo-specific market for refined petroleum products in South Africa.

This mode of operating the business exposes SFF to the gyrations of the international crude oil market prices and their impact on the international traders' demand for crude oil storage. SFF relies on several income streams, including rental income from leasing crude oil storage tanks at Saldanha Bay in a backwardated crude oil futures market, fees for handling third-party-owned crude oil and petroleum products, revenue from Avedia Energy, and income from throughput at its newly acquired petroleum products terminal. Furthermore, SFF plans to initiate trading activities in the next financial year.

Risk type	Description of Risk	Probability	Impact	Risk Response	Status
Being prepared for supply disruptions of crude oil and petroleum products	Unable to commence with the refurbishment of the Milnerton tanks by 31 March 2024	Extreme	Major	1. CIDB-compliant panels (SFF Database) 2. Appointment of an SFF inspector for acceptance. 3. Project Management Company and/or SFF engineer appointed to support SFF during the development of feasibility studies. 4. Regular progress reporting.	Ongoing Poor bid responses and lack of meeting the minimum requirements for the tender resulted in works being re-tendered
Being prepared for supply disruptions of crude oil and petroleum products	Not completing 25% of the construction and installation of the AVEDIA LPG pipeline including the berth 104 infrastructure by 31st March 2024	Likely	Moderate	Appoint an Engineering, Procurement and Construction Management (EPCM) company	Ongoing
Being independent from state financial support	Failure to achieve the targeted revenue pf R2.814 billion by 31 March 2024	Possible	Major	1. Actively market or make offers to the market for the sale of planned volumes of crude oil. 2. Pro-active plant maintenance program. 3. Actively market or make offers to the market for all available storage capacity.	Ongoing
Being prepared for supply disruptions of crude oil and petroleum products	Inability to complete feasibility study and/or acquisition of infrastructure in the East Coast/Durban-Gauteng Corridor (including NATCOS Tanks)	High	major	Capital Projects to complete the Technical and Commercial Studies to prepare the Business Case for SFF Board submission	Cape Business Case presented to the SFF Board and approved to develop activities in the next phase. Natcos and SBM Business Cases submitted to SFF Exco to submit to SFF Board.
Advance transformation imperatives of the government	Inability to perform procurement related activities with BBBEE companies	High	Major	'Formulate a BBBEE Improvement Program based on outcome of the verification	Ongoing

SFF OPERATIONS

Summary Business Score for the period

List the KEY PERFORMANCE AREAS	
TO BE PREPARED FOR SUPPLY DISRUPTIONS OF CRUDE OIL AND PETROLEUM PRODUCTS	Partially achieved
BEING INDEPENDENT FROM STATE FINANCIAL SUPPORT	Achieved
TO ADVANCE TRANSFORMATION IMPERATIVES OF THE GOVERNMENT	Achieved
BEING A VALUABLE CORPORATE CITIZEN STRIVING TO EXCEED STAKEHOLDER NEEDS	Exceptional
TO DEVELOP AND IMPLEMENT BUSINESS PROCESSES THAT CREATE SHAREHOLDER VALUE, PROMOTE SUSTAINABILITY, MINIMISE BUSINESS RISK AND ARE ROOTED ON GOOD CORPORATE GOVERNANCE PRINCIPLES	Above target

0	1	2	3	4	5
Not Assessed	Not Achieved	Partially Achieved	Achieved	Above Target	Exceptional

Strategic Outlook

The financial sustainability of SFF is key to ensure the security of fuels that are of strategic importance to the Republic and SFF's strategy must prioritize sustainable revenues over long term. The changing local refining landscape presents opportunities for entities that are invested or seek to invest in storage and handling infrastructure for imported refined petroleum products. SFF's strategy of revenue diversification, is therefore geared to this changing landscape and the business is also benefiting from years of tight costs management which has bolstered cash reserves that are now used to pursue this growth strategy. SFF business is therefore in a financially health position to implement its strategy as the market provides support for investing in infrastructure and the development of a trading governance framework.

The financial statements are prepared in accordance with International Financial Reporting Standards. The CFO report is meant to supplement the financial statements that and will, therefore, highlight the material items that had an impact on the 2023/24 financial performance.

MS. DITSIETSI MORABE

CEF GROUP CFO

Introduction

The financial statements are prepared in accordance with International Financial Reporting Standards. The CFO report is meant to supplement the financial statements that and will, therefore, highlight the material items that had an impact on the 2023/24 financial performance. The CEF is classified as a Schedule 2 public entity in terms of the PFMA, which means that it is a quasi-commercial entity as it is expected to be self-sufficient and not receive funding allocation from the fiscus to fund its operations. For this reason, the CEF is expected to earn a profit from its operations to fund its commercial activities and developmental mandate.

Figure: Overview of performance highlights

The Group has exhibited enhanced performance, reflecting the global recovery from the challenging economic conditions exacerbated by the Russian-Ukraine war. The high-level activities for the year ended 31 March 2024 include the Group's R522 million net loss after tax , with four out of six entities in the CEF Group recording net profits – AEMFC recording R64.4 million net profit; iGas recorded a net profit of R852.8 million; CEF recorded a net profit of R126.7 million; and PASA recorded a net profit of R6.6 million. The Group has improved its audit opinion from qualified to unqualified in the current financial year due to AEMFC improving substantially from a disclaimer audit opinion in 2022/23 financial year to an unqualified audit opinion with material findings in the current financial year. The number of material audit findings impacting the group has reduced from three to one between 2021/22 to 2023/24 financial year. The success is due to the improvement plans implemented to address the audit findings issued in the prior year.

The Group is on its path towards financial sustainability, with various strategic initiatives aimed at enhancing operational performance. These results are mainly attributable to:

- Favourable revenue performance from PetroSA's finished petroleum products trading business;
- Cost containment and cash preservation initiatives implemented during the year, particularly at PetroSA through the tripartite war room;
- Bigger receipt of ROMPCO dividends (via iGas);
- Increased volumes of coal sold to ESKOM by AEMFC; and
- Implementation of the investment strategy at CEF SOC, which allowed cash investments in medium to long term structured investments.

Macro-Economic Factors Affecting the Group Financial Performance

The Group's business performance is underpinned by macroeconomic factors such as the oil price, exchange rates and interest rates attributed to subpar economic growth and resulted to weak demand and margin pressure.

Crude oil prices

The average price of oil fell to $82.94 per barrel in 2023/24 compared to $96 per barrel in 2022/23. This reduction was caused by a number of variables, the most significant among them being the global economic downturn, which dramatically decreased the demand for oil. The European Union and China, have witnessed slower-than-expected growth in the manufacturing sector. Notably, China's post-COVID recovery has been hindered by issues within the property sector and lower consumer spending. As a result of these patterns in the world economy, there was less demand for energy overall, especially oil, which drove down prices.
While OPEC+ attempted to reduce production in order to drive up prices, non-OPEC producers, such as the United States, kept or increased their oil supply. New infrastructure and improvements in U.S. shale oil production made non-OPEC nations more competitive, which resulted in an oversupply, Oil prices fell as a result of this surplus supply and declining demand.
The crude oil price volatility had a significant impact on the following businesses:
·Petroleum products business: The oil price is one of the key variables that influence the selling price of the products and the cost price for sourcing feedstock and finished products.
·Crude oil storage business: The oil price is the key factor that affect the demand for crude oil storage space. The lower price of crude oil encourages traders to store products at storage facilities with the intention to sell the products when prices increase.

Exchange rates

The rand/US$ exchange rate closed at R18.94 at 31 March 2024 compared to the lower R17.86 reported on 31 March 2023. The average Rand/ US dollar exchange rate has weakened from R16.99 per $ in the prior year to R18.73 per $ in the year under review as this attributed to domestic and global developments, load-shedding, higher long-term interest rates and a weak domestic growth outlook. The rand/US dollar volatility has a significant impact in the following:

- Petroleum products business: The rand/US dollar exchange rate is one of the key variables that influence the selling price of petroleum product and the cost price for sourcing feedstock and finished petroleum products. This also affects the valuation of the rehabilitation provision.
- Foreign operations and investments on the translation of the reported performance and balances to rand.

Interest rates

The increase in the South African Prime interest rate by 50 basis points to 11.75 % in May 2023 resulted in the following:

- Increased returns on the Cash and cash equivalents invested in the money market, as 40% of the Group's assets are in cash; and
- Increased interest expense on the finance lease liabilities and external borrowings.

High-Level Impact on the CEF Group Operating Environment

The business model of the group is to lease out spare storage capacity to oil traders and companies in order to finance the operational cost of managing the strategic stock and terminal infrastructure. In addition to income generated from leasing out tanks commercially, SFF earns interest income from cash invested in money market instruments. SFF has diversified its revenue streams during the current financial year to include storage of refined product and gas. The operation for refined product is in Montague Gardens and the gas facility is located in Saldanha. The Saldanha terminal provides infrastructure for crude oil movements in and out of the Saldanha Bay harbour.

Primarily, Saldanha stores strategic stocks and secondarily leases out crude tanks on commercial basis to fund the company operations. The Saldanha terminal assists in providing security of energy supply for the Eastern and Western Cape provinces. Saldanha terminal has a design capacity of 45 Million barrels of crude oil storage and combined with the Milnerton tank farm affords SFF with a crude oil storage capacity of more than 50 million barrels of crude oil. The Milnerton tank farm has the potential to provide infrastructure for crude oil movements in and out of the Port of Cape Town provided that the access to the pipeline is improved. The tank farm has 39 tanks with a total capacity of 7.5 million barrels with two tanks currently in use. The entity aims to refurbish the tank farm which can then be used to store additional strategic stocks as per Ministerial directives on the management of strategic stocks.

The Ogies facility comprises a number of worked-out coal mines that were converted to hold strategic crude stock. These containers have now been emptied. Operations are mainly to manage the on-going environmental liability through recovering residue oil from the disused mine and assessing possible income generating projects at the facility. The acquisition of a 50% stake in the bpSA Montague Gardens Terminal in the prior year, fulfilled one of SFF's initiatives aimed at expanding infrastructure in the oil and gas space. This initiative is aimed at diversifying the revenue streams by providing storage facilities for the finished products. In addition, SFF acquired a 60% equity stake in Avedia Energy in the prior year, which owns and operates a 2,000 ton LPG storage facility in Saldanha Bay where SFF is ideally located and is licensed to handle cargoes of LPG.

PetroSA is working on bringing in technical expertise and financial resources required to fund the forward work programmes associated with its offshore petroleum rights. For one asset (Exploration Right 248 – Block 2C) a farm-out agreement was signed and completion of the farm-out is expected before March 2025. This farm-out will allow PetroSA to remain active in upstream activities whilst the "state free carry" envisaged in the UPRD Bill, has undergone Parliamentary approval processes and is with the President for assent. The farmout process will be completed and finalised once the conditions precedent per the signed farm-out agreement are fulfilled.

Furthermore, with the recent multibillion barrels oil discoveries in Namibia, a number of international companies have approached PetroSA to partner with in the west coast blocks. PetroSA will therefore consider another partnership process to capitalise on the renewed interest in its assets. Through this Business-to-Business (B2B) initiative, PetroSA has managed to secure and land Blended Unleaded Petrol (ULP)95 in its Gas-to- Liquid (GTL) Refinery in Mossel Bay affording the opportunity to once again offer a product mix / combo to its customers.

To endorse this initiative the Shareholder, CEF, has resolved to support PetroSA with a contribution of R150 million as part the contribution for the components of the blended ULP95. Furthermore, a project to enhance product delivery to the customers through the installation of the gantry at the GTL Refinery will be executed in the new financial year which will assist to move at least 40 truck loads per day compared to current capacity of only 20 - 25 truck loads per day which will assist in growing volumes in line with target volumes for the ensuing financial year

Financial Performance Summary

Profitability

To endorse this initiative the Shareholder, CEF, has resolved to support PetroSA with a contribution of R150 million as part the contribution for the components of the blended ULP95. Furthermore, a project to enhance product delivery to the customers through the installation of the gantry at the GTL Refinery will be executed in the new financial year which will assist to move at least 40 truck loads per day compared to current capacity of only 20 - 25 truck loads per day which will assist in growing volumes in line with target volumes for the ensuing financial year

Figure 2: CEF Group profitability and analysis

The Group has recorded a net loss of R522 million compared to a net profit of R1.77 billion recorded in the prior period. Material movement were recorded on the following:

- Higher operating expenses of R5.5 billion compared to the R2.9 billion reported in prior year, due to the payment from sale of strategic stock to the National Revenue Fund in support of the fuel levy freeze that was implemented in 2022/23 to relieve consumers from the fuel price hike;
- Lower impairment reversals on of R895 million compared to R2.8 billion on decommissioning provision in the prior year; and
- The net realisable value downward movement on the Strategic stock of R270 million compared to R247 million in the prior year;
- An increase in finance costs of R1.1 billion versus the R995 million reported in prior year – in relation to debt service costs for the loan raised to acquire additional ROMPCO shares;
- An increase in the tax expense to R457 million compared to the R453 million in the prior year due to higher taxable income per entities in the current year.

Gross Profit

Figure: Gross profit/(loss) by business segment

Operating Profit/(Loss)

The Group generated an operating loss of R1 billion compared to an operating profit of R1.7 billion in the prior year. The operating loss is due to the higher operating expenditure as a result of payment from sale of strategic stock to the National Revenue Fund to relieve the consumers from fuel price increase in the current year.

Net Profit/(Loss)

The Group reported a net loss after tax of R522 million (2023: R1.7 billion net profit after tax), mainly due to the lower operating income, lower impairment reversal on the decommissioning provision, higher movement in credit losses and increased expenditure.

Investment Income

The Group reported an investment income of R1.1 billion compared to R740 million reported in the prior year. The South African Repo rate increased by 50 basis points as well as the average net cash inflow led to the increase in investment income earned during the year.

Income From Equity-Accounted Associates

In the current year, the Group reported income from equity accounted associates of R911 million compared to R778 million reported in the prior year. The increase of 17% is mainly due to increased returns from ROMPCO.

CEF Group Capital Allocation

The Group reported a gross profit of R4.1 billion, an improvement compared to the prior year's gross profit of R3.6 billion. The positive movement emanates mainly from the increased sales volumes from the sale of petroleum products and coal as well as the sale of crude oil.

PetroSA Company - Petroleum Products

The PetroSA company operations reported a gross profit of R524 million (margin of 2%), which is an improvement from the R213 million (margin of 0.95%) generated in the prior year. Despite a modest increase in revenue the company continues to be faced with significant cost pressures due to high fixed costs for the maintenance of the GTL Refinery not operating. This has resulted in a significant financial strain on overall company's operations, and thus making it difficult for the company to remain profitable.

PetroSA Ghana Crude Oil Sales

PetroSA Ghana Limited, a wholly owned subsidiary of PetroSA continues to show positive margins and is projected to continue to contribute to the PetroSA's group sustenance through its operations and remittance of dividends at various intervals during the 2024/25 financial year. In this regard, PetroSA Ghana Limited operations produced a net profit of approximately R527 million for the 2023 financial year (01 January 2023 - 31 December 2023). PetroSA received dividends of R374 million (2023: R888 million) from PGL during the 2023/24 financial year to support the operational liquidity needs of the company (The AFS are presented in US Dollars and the translated figure to ZAR at year end).

Crude Oil Terminals

The crude oil segment (sales and rental) generated revenue of R1.8 billion (2023: R2.1 billion). Market conditions remained in backwardation with the oil price ending around $87.42 at year-end. This impacted the SFF's performance as a backwardation market is unattractive to storage customers. The group recorded a net loss of R313 million for the year ended 31 March 2024 and prior year has been restated to R341 million loss due to the fair valuation of business combination (BPSA-Montague terminal and Avedia Energy). The Group revenue decreased by 11% from R2 billion in the prior year to R1,8 billion for the year ended 31 March 2024. This was mainly due to the fact that the SFF sold a portion of strategic stock reserves in the prior year and retained the proceeds from that sale. In the current financial year SFF sold additional 1 million barrels of the strategic stock and paid both the proceeds from the prior and current year sale to the National Revenue Fund to cover the fuel levy freeze.

The SFF model is one in which lower crude oil prices attract oil traders to rent storage space at the SFF tank farms with the intention to sell the crude when the oil prices reach higher rates. At present, the market remains backwardation and this is expected to continue for the next few years.

AEMFC Coal Mining

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

Capital allocation in R'000			Returns in R'000		
Asset class	Assets	Allocation	Net Returns	Allocation	Blended return
Cash	15,025,110	40%	1,189,691	8%	3.2%
Operating assets	11,706,650	31%	-4,273,024	-37%	-11.4%
Associates	4,167,439	11%	564,928	14%	1.5%
Non-operating assets	6,677,186	18%	1,996,252	30%	5.3%
Total	37,576,385	100%	-522,153	-1.4%	-1.4%

Table: CEF Group capital allocation

As at 31 March 2024, the Group held assets of **R37.6 billion** comprising the following:

- **40%** of the assets are cash, mostly invested in the money market. Cash is expected to generate a return equivalent to the money market return. The average return on cash held was 3.2%.

- **31%** of the assets are operating assets as compared to the prior year of 33%. The bulk of these are invested in the oil and gas cluster and the remainder in coal mining. The oil and gas operating business segment consists of the PetroSA GTL refinery and trading, oil blocks in Ghana, and crude oil terminals.

- **11%** of the assets are invested in associate companies, with the bulk invested in gas infrastructure and the remainder in coal mining and renewable.

The non-operating assets constitute 18% of the total Group assets. Non-operating assets mainly comprise the strategic stock, line fill in the New-Multi-Product-Pipeline of Transnet as well as exploration and evaluation assets from PetroSA. The investment in the gas infrastructure is consists of the shareholding in ROMPCO, in which in the prior year, an additional shareholding of 15% was purchased for R2.1 billion and this investment is currently generating a return that is above the cost of capital. ROMPCO is currently making profits and paid dividends of R920 million in the current year.

The other investment is in coal mining comprised of the shareholding in African Royalty Minerals “ARM”. ARM is currently making losses and no dividend was received in the current year. The investment in renewable energy is made up of the shareholding in and loans to Energy Joburg and ACWA Redstone. Energy Joburg is currently generating losses due to the suboptimal performance of the plant but has managed to pay some of the interest on the loan in the current year, while ACWA assets are not generating any income at this stage. However, it is expected to generate income in the foreseeable future as it is currently in construction phase.

The Group returns are currently below the cost of capital at 15%. The majority of the Group’s assets are in cash, generating a blended return of 8%, while the operating assets are making losses at a blended return of -37%. The returns are exacerbated by the suboptimal performance of the oil and gas cluster.

Group Cash Generation, Utilisation & Financing

The Group’s cash balance increased by 14% from R13.1 billion in the prior year to R15.0 billion in the current year, mainly due to cash generated in operating and investing activities. The following is an analysis of the Group’s cash flow movement in the 2024 financial year.

Cash Generated From Operating Activities

In the current year, the Group had a net inflow of R1.0 billion from operating activities compared to the outflow of R1.3 billion in the prior year. The outflow from the core operations of R138 million is mainly because of, the repayment of proceeds received from sale of Strategic Stock of R1.5 billion, finance cost of R391 million and taxes paid of R403 million. This was reduced by the interest received of R920 million and dividends received of R920 million.

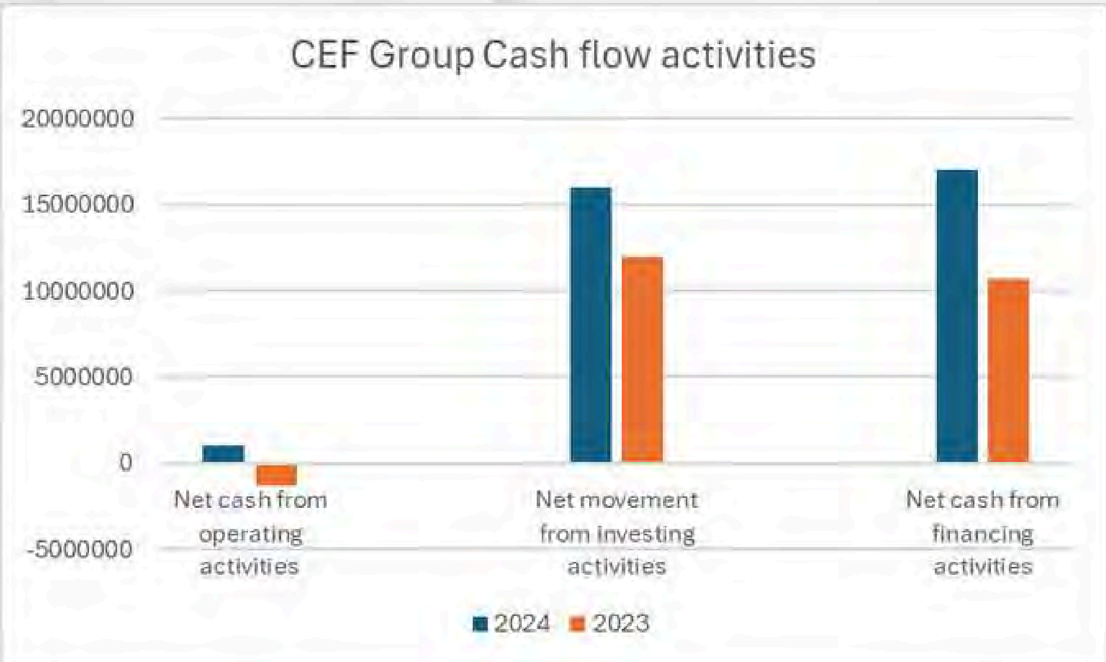
Cash Utilised in Investing Activities

During the year, the Group generated R923 million (2023: R3.2 billion) mainly from sale of strategic stock. The capital investment relates the investment in ACWA Redstone of R44 million. The remaining investing activities stem from PetroSA Ghana development and maintenance projects, PetroSA company maintenance projects, as well as expenditure relating to the T Project and Vlakfontein North block mine construction work.

Cash Flows From Financing Activities

The capital spending is currently funded through retained cash and external interest-bearing debt. Lease repayments of R113 million was done by the CEF Group.
The Standard Bank of South Africa worth R3 billion was granted to iGas for the additional investment in ROMPCO in the prior year (iGas and CMG concurrently), and R429 million was repaid during the year. The external interest-bearing debt for the Group is outlined in Table below:

Figures in R'000	2024	2023
PetroSA Ghana Finance Lease	830,726	868,057
Vlakfontein coal mine finance lease	24,547	28,067
ROU Lease liability	254,427	248,016
iGas - Standard bank loan (ROMPCO)	2,210,817	2,638,497
CEF Carbon DBSA loan (ACWA)	392,219	170,972
Total External debt funding interest bearing	3,712,736	3,953,609
Short term	701,736	485,578
Long term	3,011,000	3,468,031
Total External debt funding interest bearing	3,712,736	3,953,609



Effect of Exchange Rate Movement on Cash Balance

The movement of R128 million relates to the exchange rate movement effects on the investment held for the sale of strategic stock and R141 million relates to the translation of PetroSA Ghana cash held in US$ denominated accounts.

Liquidity & Solvency

Liquidity

The Group has sufficient cash resources to fund its short-term debt and working capital requirements through cash generated from investments, banking facilities and retained cash. The liquidity ratio is at 2:1, this means the Group's ability to settle its current liabilities or those that become due in one year is 2 times that of current assets and the operating cash flow ratio is -0.01:1, which measures the number of times the Group can pay off current debts with cash generated from operations within the same period. The cashflows utilized from investing and financing activities is used to generate future returns to enable the group to meet its short-term obligations, as a result the Group's cash reserves have increased by 14% in the current year.

Solvency

The normal debt to total equity ratio is 67% debt: 33% equity. The total debt exceeds total equity due to the high balance for the rehabilitation provision and accumulated losses incurred by PetroSA. The PetroSA Group liabilities continue to exceed the assets by R6.6 billion due to the accumulated losses over the years and the rehabilitation provision balance.
The CEF Group liabilities mainly comprised of the rehabilitation provision (R11 billion), trade and other payables (R8.7 billion), deferred tax liability (R984 million), finance lease liability (R1.1 billion) and external loans (R2.7 billion). The Group currently holds external debt funding (10%) and, therefore, has headroom to grow its investments portfolio by accessing external funding and deploying its cash resources to sustenance, growth, and diversification projects.

Financial Governance

The Group is committed to sound financial governance through compliance with the PFMA and by preventing irregular expenditure and fruitless and wasteful expenditure. Initiatives such as review of business applications and strengthening the contract management process are underway which will further improve the controls.

The Group incurred irregular expenditure of R816 million during the year. R416 million from AEMFC relates to expenditure in contravention of the procurement regulations, where the procurement process was not fully followed, but the Group did not incur material losses. This brings the cumulative balance of irregular expenditure to R4.6 billion. In the current year, the Group incurred fruitless and wasteful expenditure of R12 million, R419 000 was recovered and R985 000 was written off. The total fruitless and wasteful expenditure balance increased from R25 million in the prior year to R35 million in the current year, caused mainly by advance payments to suppliers which could not be recovered.

As required by section 51(1)(b)(ii) of the PFMA the Group will take corrective measures to ensure effective steps are taken to prevent irregular, fruitless and wasteful expenditure. The Group will furthermore continue to take appropriate steps to recover losses, implement strict controls on prepayments, implement consequence management and improve the effectiveness of the loss control function across its subsidiaries.

Disciplinary processes were undertaken during the year and consequence management was implemented; it must be noted that the process of consequence management is lengthy. However, management and the Board are committed to ensuring compliance.

Key Challenges Affecting the CEF Group

Profitability/Financial Sustainability

While the PetroSA GTL Refinery has been under care and maintenance since December 2020 with maintenance costs being incurred and no generation of revenue, proposals are being evaluated to reinstate the refinery to full production. The approval of a strategic partner by Cabinet with funding and technical skills in December 2023 will enable the refinery reinstatement.

Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The plan is the start the refinery using condensate as feedstock but ensuring that operation is commercially viable by increasing the processing rate i.e. 36-46kbp. Whilst the GTLR is in under care and maintenance, management is exploring initiatives to increase revenue including utilising existing tankage to increase finished product volumes and diversification of molecules for placement in the market, selling of left over condensate, entering the lubricants business and utilising funding support through a stream of dividend income from PetroSA Ghana Limited and other funding strategies.

Other efforts for gas utilisation with partners have been engaged and agreements concluded and are in the stages of evaluation. Gas trading license April 2024 paving way for the monetisation of gas for revenue generation has been secured and term sheets currently being negotiated.

Funding of the Decommissioning Liability Provision

In terms of the Financial Provision Regulations promulgated under the National Environmental Management Act 107 of 1998, the PetroSA Company is required to have the rehabilitation liability fully funded. PetroSA accepts its obligations to this end; an independent specialist reviewed the provision, resulting in a change from R10.3 billion to R10.0 billion - with only R3,5 billion set aside in the separate rehabilitation company solely established for this purpose.

The decommission liability required to be provided for at each balance sheet date, utilising best estimates available at the reporting date, has resulted in the company's total liabilities exceeding total assets by R7.2 billion and R6.6 billion at the group level, rendering the company to be technically insolvent. PetroSA does not intend to decommission any of its existing assets in the coming 12 months and consequently does not expect that the associated liability will be realised in the reporting period. Given the above, PetroSA is exploring investment options that will grow the investment to cover the shortfall in the future when PetroSA will be expected to remediate the environment as per the provisions of NEMA.

Strategic crude oil

During the 2023/24 financial year, the company sold strategic stock volumes of approximately 999,652 reducing the approximate 10 million barrels of crude normally held in Saldanha. The remaining 6,471,723 barrels are accounted for as inventory in the context of International Accounting Standards 2 (IAS 2) and the balance of 1,275,663 barrels is accounted for under IAS 16 as Property, Plant and Equipment as per refer to Note 4. Cost is determined on a weighted average basis which is R201.34 against a Net Realisable Value of R1 599.02 at 31 March 2024, R1 348.62 in the previous reporting period of the 31 March 2023.

The strategic stock court cases and costs have been settled with a combined amount of R2.3 billion and closed in the prior years, however, there is legal matter that is reported year end whereby *Contango Trading SA* (CTSA) is claiming $22.6 million from *Taleveras* and the case was in progress. Should this matter fail then CTSA will recover this amount from SFF.

Outlook

Financial performance

The CEF Group has budgeted for a net profit of R13.5 million for the 2024/25 financial year and a net profit of R2.3 billion by the end of 2027/28.
As per the financial performance detailed above, the Group's return on capital employed was 3.2%, which is significantly below the target return of 15%.
The following initiatives will be implemented in the Group to attain its financial sustainability targets:

- Continue to implement its investments strategies to drive growth and implement its mandate responsibly;
- Diversifying business models and revenue streams to emphasize strategic positioning across the energy value chain through the revival of the refinery and mining blocks identified as well as pursue opportunities in conventional energy as a complement to renewables.
- Merge iGas, PetroSA and SFF to realise the cost optimisation and savings from operational synergies and efficiencies and increase the energy market share through the newly formed South African National Petroleum Company (SANPC) by ensuring value creation from new opportunities.
- Support the development of ESG metrics that are transparent, objective, and accessible to potential funders.
- Encourage growth through regional integration and working closely with the SADC energy community and the continent at large to support economic development.
- ·Enhance PASA to generate revenue, on the drive for revision of fees in line with the updated MPRDA, and on the promotion of exploration for hydrocarbons.

Financial Position and Cash Flow

The net cash generated from operating activities is expected to be at R3.8 billion outflow. This is a result of the returns expected to be generated from investments made in the prior years by the Group. Total Assets are expected to increase from R37.6 billion to R43.3 billion driven by the increase in purchase of additional property, plant and equipment as well as commercial investments. Total debt to total equity ratio for the Group is therefore expected to be 649% total debt: 36% total equity because of the above funding, the high balance for the rehabilitation provision and accumulated losses incurred by PetroSA.

Financial Governance

In respect of financial governance, the Group continues implement consequence management to deter occurrences of irregular, fruitless and wasteful expenditure. In addition, the internal controls are continuously tested for adequacy and effectiveness to prevent irregular, fruitless and wasteful expenditure. Some of the controls put in place include the establishment of the loss control function by the Group companies. The Loss control function monitors, investigate and recommend consequence management for the irregular, fruitless and wasteful expenditure incurred. The action plans for all Group companies have been developed and are monitored regularly for implementation.

Conclusion

CEF Group will continue to implement improvement plans to address challenges in different subsidiaries to ensure effective implementation of its mandate while at the same time ensuring financial sustainability. PetroSA is receiving adequate technical and to an extend financial support from both the Parent company and other subsidiaries within the Group to address its potential going concern challenges. The Group is confident that the improvement plans will enable the Group to continue to adopt the going concern basis of accounting to prepare its financial statements.


Timely
Understandable
FINANCIAL REPORT
Fair and objective
Relevant

CEF Group

Consolidated Annual Financial Statements For the year ended 31 March 2024

The consolidated annual financial statements were prepared under the supervision of Mr V M Essa CA (SA) (Group Finance Manager) and Ms. D Morabe (Group Chief Finance Officer).

Group General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The CEF Group mandate is to provide energy security through Exploration of energy minerals, development of energy infrastructure and supply of energy.
Directors	Ms. A Noah (Pr.Eng) (CEF Group Chairperson) Mr. J. Besnaar CA (SA) Ms G Leketi Ms U Figlan Dr. I Poolo (GCEO) Ms D Morabe (GCFO)
Registered office	Block C, Upper Grayston Office Park 152 Ann Crescent, Strathavon, Sandton 2031
Business address	Block C, Upper Grayston Office Park 152 Ann Crescent, Strathavon, Sandton 2031
Postal address	Postal address P O Box 786141 Sandton 2146
Website	http://www.cefgroup.co.za
Ultimate holding company	The South African Government represented by the Minister of Mineral Resources and Energy
Bankers **Standard Bank of South Africa Limited**	Absa Bank Limited Standard Bank of South Africa Limited
External Auditors	Auditor-General of South Africa
Company Secretary	Mr M Razwinani

Index

The report and statements sets out below comprise the annual financial statements presented to the shareholders:

The following supplementary information does not form part of the above:

Directors Responsibilities & Approval

The Board is required, in terms of the Companies Act No .71 of2008 and the Public Finance Management Act No.1 of 1999 to maintain adequate accounting records and is 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 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 International Financial Reporting Standards and are based upon appropriate accounting policies and are supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the Group and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost- effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

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

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

The external auditors are responsible for independently auditing and reporting on the Group's consolidated annual financial statements. The consolidated financial statements have been examined by the Group's external auditors.

The consolidated annual financial statements which have been prepared on the going concern basis, were approved by the Board on 31 July 2024 and were signed on its behalf by:

1. INTRODUCTION

The Board has pleasure in submitting its report on the consolidated annual financial statement for the Group for the year ended 31 March 2024.

2. NATURE OF BUSINESS Our business

The principal activities of the CEF Group are:

- the acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuels, oil and other products from coal, the marketing of the said products and any matter connected with the said acquisition, exploitation, manufacture and marketing;
- the acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith;
- any other object for which the CEF may be applied, and which has been designated or approved by the Minister of Mineral Resources and Energy with the concurrence of the Minister of Finance.

The CEF administers the Central Energy Fund and the Equalisation Fund on behalf of the Department of Mineral Resources and Energy.

These funds are regulated by Ministerial Directives issued by the Minister of Mineral Resources and Energy and, in some cases, in concurrence with the Minister of Finance as laid down by the Central Energy Fund Act. The holding company provides treasury, administrative and accounting services to the funds.

3. SHAREHOLDER'S COMPACT

The Group is controlled by the Department of Mineral Resources and Energy. All shares are held by the State and are not transferable. This shareholding is in terms of the Central Energy Fund Act. Before the start of every reporting period, the Group concludes a Shareholder's Compact that facilitates an agreement of performance deliverables for approval by the Shareholder's representatives.

The Shareholder's Compact represents the agreement between the Minister of Mineral Resources and Energy and the Board. It is a reflection of the expectations of each party, expressed in terms of outcomes and outputs that need to be achieved. It documents the mandated key performance measures and indicators to be attained for the planning period as agreed between the Minister and the CEF Board.

4. BOARD OF DIRECTORS

The composition of the Board at 31 March 2024, abridged curricula vitae of each director, key activities and decisions of the Board and its committees, and performance evaluation are set out in the Governance section of the Integrated Report. The remuneration and fees paid to directors are set out in note 40 to the consolidated annual financial statements.

Directorate - The Board members of the Group during the reporting period were as follows:

Directors	Designation	Changes
Ms. A Noah (Chairperson)	Non-Executive	
Mr J Besnaar CA(SA)	Non-Executive	
Ms G Leketi	Non-Executive	
Adv P Hassan	Non-Executive	Resigned, 04 January 2024
Mr T Maqubela	Non-Executive	Resigned, 09 November 2023
Dr I Poolo	Executive	
Mr N Poya	Non-Executive	Resigned, 08 March 2024
Ms N Sondlo CA(SA)	Non-Executive	Passed away, 23 February 2024
Ms D Morabe	Executive	
Ms U Figlan	Non-Executive	

Meeting attendance

Name of Director	28-Apr-23	30-May-23	31-Jul-23	12-Sep-23	28-Sep-23	31-Oct-23	06-Dec-23	30-Jan-24	29-Feb-24	18-Mar-24
Ms A Noah (Chairperson)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr J Besnaar CA(SA)	Y	Y	y	Y	Y	Y	Y	Y	Y	Y
Ms G Leketi	N/A	N/A	N/A	N/A	N/A	N/A	Y	y	N	Y
Adv. P Hassan	Y	Y	Y	Y	N	Y	Y	N/A	N/A	N/A
Mr T Maqubela	Y	Y	Y	Y	N	Y	N/A	N/A	N/A	N/A
Dr I Poolo	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr N Poya	Y	N	Y	Y	Y	Y	Y	N	Y	N/A
Ms N Sondlo CA(SA)	Y	Y	Y	Y	Y	Y	Y	Y	N/A	N/A
Ms D Morabe	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ms U Figlan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes:

Y – Attended meeting
N – Did not attend meeting A – Apology
N/A – Not a member at date of the meeting

Board Audit & Risk Committee - The committee consisted of the following members:

Name	Designation	Changes
Mr J Besnaar	Non-Executive (Chairperson)	
Mr N Poya	Non-Executive	Resigned, 08 March 2024
Ms N Sondlo	Non-Executive	Passed away, 23 February 2024
Ms U Figlan	Non-Executive	
Adv P Hassan	Non-Executive	Resigned, 04 January 2024

Meeting Attendance

Name of Director	29-May-23	09-Jun-23	25-Jul-23	28-Jul-23	05-Sep-23	30-Oct-23	04 Dec 23	29 Jan 24	28 Feb 24
Mr J Besnaar	Y	Y	Y	N	Y	Y	Y	Y	Y
Ms N Sondlo	Y	Y	Y	Y	Y	Y	Y	Y	N/A
Ms U Figlan	Y	Y	Y	Y	Y	Y	Y	Y	Y
Adv P Hassan	Y	Y	Y	Y	N	Y	Y	N/A	N/A
Ms G Leketi									Y

Notes:

Y – Attended meeting
N – Did not attend meeting
N/A – Not a member at date of the meeting.

The committee meets at least four times per annum. The Chief Audit Executive of the Internal Audit Function, the external auditors and such members of management as are deemed necessary also attend these meetings. The committee is responsible for the internal controls and risk management of the Group delegated by the Board. In order to meet these requirements, the committee review the findings of both internal and external auditors. In addition, it reviews important accounting issues, material pending litigation if applicable, the Group's insurance, risk management and disclosure requirements in the consolidated annual financial statements. The responsibilities of this sub-committee of the Board are set out in the report of the Board Audit and Risk Committee which forms part of the consolidated annual financial statements.

Board Human Resource, Remuneration and Nominations Committee – The committee consisted of the following members:

Name	Designation	Changes
Mr N Poya	Non-Executive (Chairperson)	Resigned, 08 March 2024
Mrs U Figlan	Non-Executive	
Ms G Leketi	Non-Executive	

The Board has delegated the function of ensuring that employees are fairly rewarded in accordance with their contributions to the Group's performance to the Board Human Resources Committee.

Meeting Attendance

Name of Director	5 Dec-23	24 Oct 23
Mr N Poya (Chairperson)	Y	Y
Mrs U Figlan	Y	Y
Ms G Leketi	Y	N/A

Note:

Y- Attended meeting
N – Did not attend meeting

Social , Ethics and Governance Committee – The committee consisted of the following members:

Name	Designation	Changes
Ms. A. Noah(Chairperson)	Non-Executive	
Ms. P. Hassan	Non-Executive	Resigned, 04 January 2024
Dr. I. Poolo	Executive	
Mrs U Figlan	Non-Executive	

Meeting Attendance

Name of Director	27-Sep-23	21 Feb 24
Mr N Poya (Chairperson)	Y	Y
Mrs U Figlan	Y	Y
Ms. P. Hassan	Y	N
Dr. I. Poolo	Y	N

Finance and Procurement committee – The committees consisted of the following members:

Name	Designation	Changes
Adv. P Hassan (Chairperson)	Non-Executive	Resigned, 04 January 2024
Mr J Besnaar	Non-Executive	
Ms N Sondlo	Non-Executive	Passed away, 23 February 2024
Ms U Figlan	Non-Executive	

Meeting Attendance

Name of Director	31-Jul-2023	5-Dec-23	29-Jan-24	22-Feb-24	28-Feb-24
Adv. P Hassan (Chairperson)	Y	Y	N/A	N/A	N/A
Mr J Besnaar	Y	Y	Y	Y	Y
Ms N Sondlo	Y	Y	Y	N	N/A
Ms U Figlan	Y	Y	Y	Y	Y

Note:

Y-Attended meeting
N – Did not attend meeting
N/A - Not a member at date of the meeting.

5. PERFORMANCE FOR THE YEAR

Financial Summary

Below is a summary of the Group's financial performance, reflected as high-level key ration:

Consolidated R'000	2024	2023
Profit/(Loss)	-522 153	1 769 954
Revenue	29 778 214	28 375 333
EBITDA	-200 252	2 378 068
EBITDA margin %	-0.67%	8.38%
Net asset value	12 351 594	12 744 663
Return on capital employed %	-1.63%	18.71%
Return on equity (ROE) %	-4.24%	13.93%
Cash generated from operations	-138 798	-2 197 880

High Level Performance

The Group has reported a net loss of R522 million compared to a net profit of R1.8 billion reported in the prior period. The group performance is mainly due decreased gross profit margins as well as decrease of other income due to a impairment reversal in the prior year as well as increase in investment income. The group revenue increased by 5% due to the group continuing to be faced with significant cost pressures due to high fixed costs for the maintenance of the GTL Refinery not operating at PetroSA. This has resulted in a significant financial strain on overall group's operations, and thus making it difficult for the group to remain profitable. Opex decreased by 3% due to SFF selling its strategic stock in the previous financial year.

As a result of the above, the Group reported an EBITDA of a loss of R200 Million(margin: -0.67%) compared to the positive R2.3 Billion (margin: 8.38%).

The cash generated from operations improved in the current year compared to prior year, R139 million (outflow) and R2.2 billion (outflow) respectively.

The Group capital structure is consists of 76% equity and 24% liabilities. The Group capital structure is tenuous and is likely to deteriorate due to the suboptimal performance of PetroSA, which is technically insolvent.

AEMFC

The company achieved notably positive overall financial performance in the fiscal year, amid operational disruptions experienced during the third and fourth quarter, due to Eskom-instituted delivery stoppages and a strike at the mine. Nonetheless, the company demonstrated substantial growth compared to both the preceding year and the budget. An Operating Profit ofR179,3 million was realised, marking a solid increase76% over the previous year and surpassing the budget. Net Profit After Tax reached R64,4 million, reflecting a decrease of8% compared to the prior year. This was significantly lower than budgetary expectations as a result of a R85,2 million impairment of the investment in African Royalty Minerals (Pty) Ltd.

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

iGas

The company has reported a net profit of R853 million compared to the R771 million reported in the prior year. The ROMPCO dividend based on Gas Transportation Agreements was R920 million compared to a budget of R792 million. This higher dividend was supported by higher than budgeted volumes transported by ROMPCO. Nevertheless, ROMPCO's future performance may be challenged by the depleting Power Purchase Agreement (PPA) gas reserves. This was accounted for in the share purchase transaction and, currently, ROMPCO is not showing a decrease in forecasted dividends, supported by the Ship or Pay agreement. However, this situation could reverse if the shippers declare Force Majeure based on the depleting PPA reserves.

Interest received from cash reserves increased to R93.5 million compared to R54 million received in the prior year, and this is a increase of 72%.

PetroSA

The group reported a net loss after tax of R1.2 billion (2023: R1.4 billion profit) for the current financial year; a decrease of R2.6 billion. At company level a net loss after tax of R942 million(2023: R1.65 billion profit) was reported.

The 2023/24 financial year proved to be one of the toughest financial years for PetroSA. The group and company reported a Gross profit of6%(R1.6 billion) and 2% (R524 million) respectively. Despite a modest increase in revenue the company continues to be faced with significant cost pressures due to high high fixed costs for the maintenance of the GTL Refinery not operating. This has resulted in a significant financial strain on overall company's operations, and thus making it difficult for the company to remain profitable.

The reduction in gross margin in the company emanates amongst others from the Gasoline purchased but only sold when prices were falling thus resulting in higher cost of sales and lower revenue.

Notwithstanding the positive gross margin, the group continues to incur high costs to maintain its facilities due to:

- The cession of operations at the GTL refinery; and
- substantial operating and preservation costs incurred from South African operations.

At a company level, the net loss was also assisted by an impairment reversal of R710 million(2023: R349 million) on PetroSA's investment in PetroSA Ghana Limited, while at a group level, reduction was seen on the abandonment provision of R896million (2023: R2.8 billion). Other line items such as Other income, Investment income and Finance costs remained stable during this financial year. Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate financial statements.

SFF

For the year ended 31 March 2024, market conditions remained in backwardation with the oil price ending around $85 dollars at year-end. This impacted the SFF's performance as a backwardated market is unattractive to storage customers. The group recorded a net loss for the year ended 31 March 2024 of R313 million and prior year has been restated to R341 million loss.

The Group revenue decreased by 11% from R2 billion in the prior year to R1,8 billion for the year ended 31 March 2024. This was mainly due to the fact that the company sold strategic stock reserves to aid the Natref refinery due to the force majeure declared by the Nigeria National Petroleum Corporation (NNPC) during the previous financial year. In the current financial year only 1 million barrels were sold thus resulting in a decrease.

The SFF model is one in which lower crude oil prices attract oil traders to rent storage space at the SFF tank farms with the intention to sell the crude when the oil prices reach higher rates. At present, the market remains backwardated and this is expected to continue for the next few years.

The above, required the group to consider alternative revenue streams and to diversify into streams outside of the current business model. To this end, SFF acquired a 50% stake in a refined product storage terminal in Montague Gardens in Cape Town. It is envisaged that the company will be operating terminals in both the west and east coast of the country. This ensures that revenue is diversified whilst ensuring security of supply for the country.

Furthermore, the Terminal Operator license of SFF to operate in the Port of Saldanha has been amended and thereby enables the company to be able to handle gas. The company is still in the process of selling strategic stocks as per the Ministerial directive to recoup R6 billion in order to pay National Treasury for the tax revenue foregone during the 22/23FY. To this end, the group has already paid R2 billion to National Treasury as part payment of the R6 billion. The remaining amount will be paid once the stock has been sold.

Interest income of approximately R464 million was realised for the year. Exchange gains of approximately R116 million were realised on cash and cash equivalents due to the depreciating Rand.

PASA

The company's results and the state of its affairs are set out in the attached unaudited annual financial statements and do not, in our opinion, require further comment.

The company's profit (loss) for the year amounted to R6.6 million (2023: R -1 million)

The company received an operational allocation of R92.1 million(2023: R94.3 million) from the DMRE through the MTEF process.

6. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the annual consolidated financial statements for the year ended 31 March 2024 are in accordance with IFRS and are consistent with those applied in the prior year, except for the change in the accounting policy relating to CEF SOC revenue. Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated annual f financial statements are disclosed in the accompanying notes.

7. SHARE CAPITAL

There has been no change in the authorised or issued share capital during the year.

8. DIVIDEND DISTRIBUTION Dividend Policy

Dividend distributions to the shareholder are governed by the requirements of Section 46 of the Companies Act. The key considerations in determining a declaration of dividends are:

- Shareholder approval after the Board resolution for a dividend distribution;
- The commitments as per the strategic objectives for investments and feasibility study expenditures in fulfilling the shareholder mandate; and
- The Group will reasonably satisfy the solvency and liquidity test immediately after completing the proposed distribution.

The declaration of dividends is reviewed annually, subject to the approval by the shareholder representative at the AGM or through a Section 54 approval.

9. INVESTMENTS

The Group comprises a mix of investments, from simple financial assets, joint ventures and joint operations, to associates and subsidiaries. The details are contained in note 6, 7 and 8 of the consolidated annual financial statements.

10. IMPAIRMENTS ANDREVERSAL OF IMPAIRMENTS ON PROPERTY,PLANT AND EQUIPMENT

Due to the depleting gas reserves feeding the GTL refinery, fluctuating oil prices and reassessment of CGUs, an impairment assessment was conducted as required by IAS 36, resulting in an impairment charge (refer to note 2 of the financial statements).

In light of the currentcommodity prices and the significant reduction in reserves, the West Cape Three Points block and DeepwaterTano block held by PetroSAGhana Limited were assessedfor impairment, resulting in in no impairment or reversalthereof. These significant items can be summarized as follows R'm:

	2024	2023
	R'million	R'million
Impairment reversal/(loss) of South African operations	(105)	(7)
Ghana blocks	-	-
Impairment loss/ (reversal)	(105)	(7)

11. CAPITAL EXPENDITURE AND COMMITMENTS

Details regarding capital expenditure and commitments are reflected in the cash flow from investing activities and note 36 of the consolidated annual financial statements.

Authorised capital expenditure
Already contracted for but not incurred

	2024	2023
	R'million	R'million
AEMFC -Vlakfontein extensions	7 714	7 783
PASA- Shale gas project	6 482	19 108
SFF -South Sudan Investment	923 934	725 126
SFF – other capital commitments	20 740	
PetroSA- -Jubilee and TEN development	577 447	536 720
	583 929	1 290 227
Not yet contracted for and authorised by directors		
CEF SOC- Authorised by directors' resolution	-	200 000
AEMFC SOC Ltd -Total authorised capital budget	-	151 717
CEF Carbon	19 618	198 539
PASA	1 993	-
Other authorised major commitments		
CEF SOC - Sponsorship - Solar Water Heaters- Contracted for	-	43 593
CEF SOC - Sponsorship-Solar Water Heaters - Not yet contracted for	-	10 859

Capital expenditure in Statement of Cash Flow

	2024	2023
	R'million	R'million
Purchase of property, plant and equipment	456 365	489 450
Purchase of other intangible assets	69 227	44 387
Investment in associates/joint ventures	44 730	2 446 959
	570 322	2 980 796

12 .FUNDING Capital structure

The capital structure of the Group consists of equity invested by the shareholder, retained earnings and debt funding.

At year-end our equity amounted to R12.3billion, with debt borrowings.

Consolidated R'000	2024	202
External borrowings (Existing)	2 685 146	2 890 833
Gearing ratio	21%	23%

Funding of the decommissioning and rehabilitation provision

At year-end the Group had an obligation to provide for the rehabilitation and decommissioning of its offshore and onshore facilities valued at R11.1 billion made up of the follows:

	2024	2023
PetroSA Group	10 236 774	10 506 749
Strategic Fuel Fund	751 383	741 367
African Exploration and Mining Finance Corporation	63 596	65 839
	11 051 753	**11 313 955**

The Group will fund this liability by a combination of funds set aside as well as from its accumulated profits.

PetroSA

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas interests, the majority of which is assumed to be incurred from the date of decommissioning declaration over a period of 7 years with the start date in the financial year 2026 ending 2033. It will take approximately two years to complete the planning phase before the actual decommission work and cash starts flowing. The assumptions are based on the current economic environment and provide a reasonable basis for estimating the future liability. The program also assumes the decommissioning will be executed in one campaign in aid of managing logistical costs. These estimates are reviewed annually to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market conditions. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

PetroSA has again in the financial year ending March 2024 appointed Det Norske Veritas (DNV) Pty Ltd (DNV) to independently review the existing decommissioning methodology and cost estimates, resulting in an optimised decommissioning methodology, an AAACE class 4 cost estimates and the 6% On-costs(i.e. Environmental impact assessment and Engineering &detail design) to be incurred over the planning period. DNV optimised the methodology by employing technology advancements such as the use of modular rigs instead of reactivating FA platform drilling package to plug wells, the use of a combination of Rig and Light well intervention vessels instead of rigs, the adoption of a balanced approach, which resulted in an optimised cleaning plan, improved vessel utilisation plan, a conservative Waiting on Weather factor of 25% and identification of additional items that can be abandoned in situ.

PetroSA has furthermore undertook to submit all plugged and abandoned legacy well packages to the regulator as part of the efforts to justify the exclusion of these wells from the provision. No provision has been made for the plugged and abandoned legacy wells.

The base cost of the provision was revised further in the current financial year. Although there was a revision in base costs to USD608 million from USD635 million the weakening rand and inflation rate made the impact on ZAR not to be that significant. Major assumptions included in the calculation of local provisions is a discount rate of 9.31% (2023: 11.06%).A sensitivity analysis indicates that a R1 weakening of the Rand against the US Dollar translates into R522 million (2023: R850 million) increase in the provision. It is assumed that each well will take an average of 15 days to abandon.

For international provisions, the discount rate used for the Jubilee, Teak and Akasa Fields in Ghana is 3.97% (2023: 3.87%) with an expected realisation date of 2036. The discount rate used for the TEN and Wawa Fields in Ghana is 3.88% (2023: 3.87%) with an expected realisation date of 2032. Changes in cost estimates are driven by revisions to the Operator's cost assumptions and estimates.

Changes in cost estimates are driven by revisions to the Operator's cost assumptions and estimates.

The Group has set aside funds towards the cost of decommissioning. These funds are not available for the general purposes of the Group and comprise of the following investments:

	2024	2023
	R'million	R'million
Cash deposits	477	477
Cash in PetroSA Rehabilitation NPC	2598	2 408
Financial guarantee	180	180
	3,265	**3,065**

13. EVENTS AFTER REPORTING DATE

SFF
The following key personnel (Prescribed EXCO members) have been seconded to the SANPC from SFF effective from 1 May 2024. MR MG Moagi, Ms R Stevens, Ms L. Philander and Mr T. Puley.

AEMFC
On 15 April 2024, the High court ruled in favour of the plaintiff in the legal dispute between AEMFC and a supplier. The AEMFC was required to settle the matter for a total of R603 233. This has been treated as an adjustment and a provision was raised at year end. Effective from the 22 July 2024, the guarantee policy with Guardrisk was amended by R19.3million to cover the rehabilitation provision for Vlakfontein. This increased the guaranteed value from R72.2million to R91.5 million.

iGas Dividend
Subsequent to year-end the iGas declared a dividend to CEF to the value of R178million

PASA
On 7 May 2024, the Minister of DMRE announced the publication of the amended Mineral and Petroleum Resources Development Regulations 75 and 76 for implementation. Furthermore the Upstream Petroleum Resources Development Bill (UPRD Bill) has been approved by the National Council of Provinces and now awaits the President's approval.

CEF Trading
Subsequent to year end, the SAPREF investment was concluded.

PetroSA
On the 1st April2024 Mr Xolile Sizani was appointed the Group CEO of PetroSA. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

14. GOING CONCERN

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

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied is that 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 is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory.
requirements or of any pending changes to legislation which may affect the group.

PetroSA
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for 12 months from date of approval of the financial statements. PetroSA group current liabilities exceed current assets by R315 million, whilst at company level, the current liabilities at company level exceed current assets by R3,2 billion. The focus of the PetroSA strategy has been on strengthening the downstream business through varied interventions including increased sales volumes and margins, market or customer base expansion and improving trading activities.

The PetroSA business of trade and supply of molecules to its core market has continued to sustain and maintain our performance in the previous financial year and will continue to the next financial year. Supply contracts have been entered into and, the extended term contracts are also in place with the commercial market.

In addition, PetroSA Ghana Limited, a wholly owned subsidiary of PetroSA continues to show positive margins and is projected to continue to contribute to the PetroSA's group sustenance through its operations and remittance of dividends at various intervals during the 2024/25 financial year. In this regard, PetroSA Ghana Limited operations produced a net profit of approximately R456 million for the December 2023 financial year, PetroSA received dividends of R374 million (2023: R888 million)from PGL during the 2023/24 financial year to support the operational liquidity needs of the company. The legislative framework governing PetroSA manufacturing, Exploration, Production licences, permits, or Rights, amongst other, compels PetroSA to decommission and rehabilitate the environment where it has carried out its operations. PetroSA is further required to determine the associated cost, make a provision, annually review the adequacy of the provision, and make adjustments where required.

PetroSA accepts its obligations to this end; an independent specialist reviewed the provision, resulting in a change from R10.3 billion to R9.70 billion. With only R3,5 billion set aside in the separate rehabilitation company solely established for this purpose, PetroSA acknowledges a shortfall of about R6,2 billion. Options to fund the shortfall are being explored and details on the mechanisms to fund the shortfall will be finalised when the Regulations Pertaining to the Financial Provision are updated and promulgated by the Department of Forestry, Fisheries, and Environment (DFFE). Meanwhile, PetroSA is actively engaged with the DFFE on these regulations, ensuring they cover remediation without compromising the nature and core of exploration and production of oil and gas assets. This proactive engagement demonstrates PetroSA's commitment to meeting its financial obligations. It is important to note that PetroSA does not anticipate decommissioning any of its existing assets. Therefore, the associated liability is not expected to be realised in the reporting period.

The decommission liability required to be provided for at each balance sheet date, utilising best estimates available at the reporting date, has resulted in the company's total liabilities exceeding total assets by R7.2 billion and R6.3 billion at the group level, rendering the company to be technically insolvent. The scenario of technical insolvency has resulted in PetroSA not meeting some of its obligations at financial year-end. The Board and Shareholder has appointed the Group CEO for PetroSA who commenced duty in April 2024 to ensure that the plans of the Board and management are expedited with rigor and intensity deserving for the company to return to profitability. The plans are codified in the Sales & Operation Plan and structured according to short, medium and long-term.

Urgency and prioritisation will be on the short term realisation of these plans as they will have immediate impact on revenue and cost optimisation. In the same measure and spirit of expeditious management of the company to ensure a turnaround, the Shareholder appointed a new Board to drive the Corporate Plan and Strategy to ensure commerciality and sustainability of PetroSA group of companies. It is on this premise and support that, the Company and the Board, supported by Shareholders do not intend to cease operations but will execute these plans to restore and strengthened of the balance sheet.

PetroSA has introduced and implemented an optimised integrated organisational structure to enhance performance management and integrated decision-making process to focus on growth, increased volumes and margin generation. The Sales and Operations integrated plan (S&OP) continues to be the anchor strategy for optimisation and performance enhancement. The integration of the sales and operations allows for seamless view of the business and assist to alleviate any bottlenecks with accountability for unconstrained demand and new product development rests with the Group Chief Commercial Officer (GCCO);and infrastructure & capital project execution to supply this demand rests with GCOO and investment decisions and capital raise rest with the GCFO. The principle being that decision making is integrated to ensure demand is met which should assist to increase revenue an reduce inefficiencies.

In addition, the new international business is poised to contribute to the volumes traded in this financial year2024/25. The intended entrenchment of Trading Business through PetroSA Europe BVas an international Trading and Supply Company operating out of Netherlands focusing, amongst others, on global market leveraging the international presence and networks to maximize opportunities and drive growth. Whilst the SANPC has identified trading as one of the business units to be incorporated into the new entity, as PetroSA EBV we will continue to prepare the EBV for incorporation and maximise returns whilst the management of this company is within PetroSA.

PetroSA continues to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further bolster margins. A case in point engagements are underway with the Airports Company South Africa (ACSA), Transnet, Department of Defence (DoD) and Eskom. In line with PetroSA's intentions of being a significant player in the aviation business in the country, the company responded to an ACSA tender for a 10-yearterm operatorship of five regional airports. The evaluation process is underway as PetroSA awaits the results of the evaluation process. In addition, the National Energy Regulator of South Africa (NERSA) has approved and issued PetroSA with the Gas Trading licence in the month of April 2024. As such, negotiations on the Gas Sales Agreements with potential Gas Off-takers and other customers regarding the Agreements are currently underway.

Furthermore, PetroSA will continue to receive support from PetroSA Ghana Limited (PGL) in the form of dividend income which will aid the liquidity of PetroSA whilst enabling growth and longer-term initiatives to realise. PGL remains a viable company within the group with positive net profit of R456 million for the financial year under review. Albeit the plans to turnaround the company, PetroSA continues to face several key strategic challenges, perpetuated by the following factors both at company and group level:

- PetroSA has been experiencing operating losses since 2014, however in the past financial year PetroSA reported total comprehensive income of R1.6 billion at company level and R1.8billion at the group level.

- In the current financial year, PetroSA reported total comprehensive loss of R951million at company level and ultimate R702million at group level. In addition, loss for the year at group level amounted to R962million and R947million at company level. The negative performance has been driven largely by the Ukraine/Russia conflict, volatility in exchange rates and global supply constraints. Whilst a concerted effort to implement projects by both the Board of PetroSA and management, these are influenced and affected by the exogenous factors outlined above:

- Indigenous gas reserves are close to depletion and reached the technical cut off point for supply to the GTL refinery in December 2020. Other efforts for gas utilisation with partners have been engaged and agreements concluded and are in the stages of evaluation. Gas trading license April 2024 paving way for the monetisation of gas for revenue generation has been secured and term sheets currently being negotiated.

- While the GTL Refinery has been in parked mode since December2020, proposals are being evaluated to re-instate the refinery to full production. The approval of Gazprom Bank Africa by Cabinet as key investment partner of funding with technical skills in December 2023will enable the refinery reinstatement. Additionally, other Development Financial Institutions have expressed interest in partnering with PetroSA to reinstate GTL

- The GTL Refinery reinstatement project with focus on the liquids section will utilise the condensate/light crude as feedstock. Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The plan is the start the refinery using condensate as feedstock but ensuring that operation is commercially viable by increasing the processing rate i.e. 36-46kbp.

- Trading & Supply Division continues to import finished product for resale at a profit and satisfy contractual commitments. The trading of hydrocarbons has proved profitable, however not adequate to cover the high fixed cost structure of PetroSA. This is partly being of excessive demurrage costs incurred in the financial of R388m compared to the previous year of R38m.This demurrage inefficiency should be reduced in the 2024/25 financial year as a result of introducing of integrated planning – S&OP. Working capital management initiatives implemented by management such as, increased number of suppliers with extended payment terms including customer early payments afforded PetroSA an opportunity to manage costs and honour its obligations;

- While the prioritisation of payment to suppliers in relation to the available funds on monthly basis remains an ongoing assessment; the entity acknowledges the exposure to possible interest and penalties that could be charged due to delayed payments; and in this regard PetroSA continuously engages suppliers for payment deferment and waivers of interest and penalties. This proactive approach has allowed PetroSA to remain a credible supplier whilst navigating the working capital management challenges.

- The precarious financial position of the company is impacting negatively on the organisation's credit rating status; however a roadshow conducted in this past financial year to local and international financial institutions provided a report that financial institutions do have the appetite to fund PetroSA on condition of a sovereign guarantee. The matter regarding funding is ongoing and has been highlighted to CEF, the Shareholder and the ultimate shareholder, DMRE.

- PetroSA remains vulnerable to exogenous factors such as fluctuations in the crude oil price including the impact of the on-going Russia-Ukraine war and volatility in foreign exchange rates.

- In the circumstance a material uncertainty exists regarding the entity's ability to honour obligations as they fall due as a result of low cash reserves. PetroSA remains resolute in its engagements with CEF, DMRE and Ministry to ensure that initiatives to stabilise PetroSA are expeditiously implemented under strict monitoring by the PetroSA Board and, CEF at the weekly Tri-partite War Room meetings. The 2024 – 2029 Strategy and Corporate Plan developed and approved by the Board on the 17 November 2023 and was subsequently submitted for approval by the shareholder CEF. The DMRE approved the Group's Corporate Plan and Shareholders Compact on 15 April 2024.

- Despite the headwinds faced by the company in this financial year, the resilience, and positive returns of PGL contributed positively to the liquidity of the company, increased importation and sales of finished products positively contributed to the revenues in the financial year. The volumes sold increased from 1,4 billion litres to 1.6 billion litres for the period under review. The current financial year continued with suppliers who offered open credit terms, and this will continue going forward to ensure supply into the market. The targeted volumes in the Sales &Operations Plan (S&OP) for the 2024/25 is 1,9 billion litres to achieve volumes as codified in the corporate plan. PetroSA will continue to depend on its own cash reserves and utilise stringent working capital management processes to fund trading and marketing operations to fulfil customer contractual obligations and source new customers. Furthermore, management continues to explore possibilities of establishing the Letters of Credit (LCs) utilising the supply contracts with customers, this will ensure that the initiative to establish an international trading house based in Europe BV an already existing PetroSA subsidiary out of South Africa to benefit from that countries credit rating.

- Whilst the GTLR is in under care and maintenance mode, management is exploring initiatives to increase revenue including utilising existing tankage to increase finished product volumes and diversification of molecules for placement in the market, selling of left over condensate, entering the lubricants business and utilising funding support through a stream of dividend income from PetroSA Ghana Limited and other funding strategies.

- Management's projected cash flows indicate that the company shows positive cash flows in most of the months during2024/2025 financial year. When the funding strategy materialises during the financial year, the company will continue with the improved positive cash flows for the remainder of the financial year. The implementation of the funding plan initiatives and strategies in the corporate plan will result in the company's positive cash position ending March 2025. The projected cash flows assume a gradual increase in revenue as detailed on the S&OP, from 1.4 billion litres in FY 2022/23 to 1,6 billion in 2023/24 and 1,9 billion litres in 2024/25. These projections are based on management best estimates and judgement codified through a strategic initiative developed for the revenue generation to increase the volumes to achieve the targeted 2.6billion litres in the corporate planning period.

- On receipt of a Letter of Demand for ZAR1 billion with respect to exports from unlicensed depots for the period May 2015 to March 2017, PetroSA responded to SARS outlining the process undertaken for a suspension of the payment amount, which was previously denied by SARS. Subsequently, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent application to interdict SARS from taking any enforcement and/or collection steps against PetroSA. In this regard, PetroSA was granted an appeal in terms of the DA96 and the next steps are for SARS to obtain a court date to take the matter further. PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. In January2024 the high court pronounced on this matter in favour of PetroSA. The First Respondent shall pay the Applicant's costs in respect of the Petroleum Oil and Gas Corporation of South Africa (SOC) Ltd vs The Commissioner for the South African Revenue Service Case No: 21471 / 2020, such costs to include the costs of two counsel. SARS has subsequently placed the matter on appeal therefore, the matter is still pending the appeal outcome.

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

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

15. CONTINGENCIES

SFF NPC

Customer claim– uplifting of crude oil

A Court case (arbitration) is currently under way for an alleged breach of storage contract relating to SFF's refusal to allow a customer to uplift 300,000barrels of crude oil in Saldanha Terminal that were by SFF loaned to a service provider who later on sold the crude oil barrels to the Court Applicant.

SFF entered into a crude oil storage contract with customer. The customer was storing crude oil that it had purchased from Enviroshore and Enviroshore had been "loaned" the crude oil by SFF. When customer wanted to evacuate its Oil, SFF refused to honour the Storage Contract that entitled the customer to evacuate the crude oil at will. The customer took SFF to Arbitration however SFF stalled the matter at Arbitration on basis that the "loaned" 300 000 barrels is already serving at the High Court. SFF with Enviroshore were concurrently trying to resolve the matter and hoped that the stock that SFF "loaned" to Enviroshore would be financially compensated by Enviroshore. SFF would pledge such funds to Mercuriato resolve this legal dispute.

Judicial Review proceedings directed at setting aside the disposal of the 300 000 barrels of strategic stock. Mercuria suing SFF for not honoring the Storage contract and SFF pursuing claims against Enviroshore who has been renamed as Uwoyela. Enviroshore/Uwoyelahas been successfully liquidated as of the 4th of March 2022, and a certificate of appointment of their liquidator issued on 19th of April 2022.

Awaiting the confirmation and full details of the Insolvency Enquiry the liquidator seems to be contemplating to undertake, apparently at the instance of ABSA, one of the major creditors of Uwoyela, with a view to ascertaining what became of the funding that was provided by ABSA soon before Uwoyela was liquidated. SFF still to take a view on whether or not to participate in the enquiry, especially in view of the potential financial implications attendant to the process.

Metering system

An interim arbitration award (in which SFF is the respondent) has been finalised whereby the parties agree that the arbitration is postponed sine die and the costs of the arbitration are reserved. An independent expert has been appointed to establish whether the metering system operate within the specification agreed to by the parties. The independent expert has requested that additional work should be undertaken to bring the flow meters to a position where they are operating, before they can proceed with the agreed scope of work. The parties have agreed to share the costs of remedial work on an equal basis and the metering system has been taken overseas by the claimant for remedial work. Costs of the remedial work will be shared by the parties on an equal basis.

Should the expert conclude that the system operates as intended, SFF shall be liable for R7 669 363.74 plus mora interest(calculated at 9.5% per annum on the capital sum from 1 April 2014 to date of payment), 50% of the independent expert's costs and the legal costs of the arbitration proceedings paid by the claimant. Together with legal costs and interest, the legal department estimate the total value of the claim to be R12 million. During the reporting period the expert ruled against SFF and as SFF was raising disputes on the evaluation of expert the other party approached the court seeking to make the arbitration award a court order.

Supplier is suing SFF for payment, which they allege, is due in terms of the contract. Krohne was required to install a metering system, which was aimed at improving accuracy levels of measuring of oil volumes. SFF is withholding payment on the grounds of non-performance under the contract.

Hearing was held on the 25th of July 2022.

Judgment was handed down on the 24th of October 2022, in favour of SFF, i.e. dismissing the supplier's Application. However, the supplier has since filed an application for leave to appeal the judgment, on the 28th of October. Supplier's application for leave to appeal was heard on the 27th of February2023 and the judgment has been reserved to be handed down at a later stage. Judgement was delivered on 28 April 2023 granting the supplier leave to appeal directly to the SCA. Appeal set down for the 9th of May 2024 at the SCA, Bloemfontein. Meanwhile, prospects of a commercial resolution of the matter are being a explored on the instruction of the Board. And an SFF task team has been set up to coordinate the process.

Strategic stock

On 12th of March 2018 the company(SFF), together with the holding company (CEF SOC Ltd) had lodged an application in the Western Cape High Court to set aside the disposal of the strategic crude oil stocks on the grounds that these disposals were unlawful, invalid and unconstitutional. On the 20th of November 2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that CEF and SFF should repay all proceeds received and also be responsible for out-of-pocket expenses (those are interest earned by SFF on proceeds and on Storage fees and as well as hedging costs) that the Buyers would have suffered. The Boards of SFF and CEF have resolved to appeal everything but paying back proceeds received from sale of Strategic Stock and the Storage Income that SFF received which both amount to about R5.5billion.

The matter was heard by the Supreme Court of Appeal on 24 February 2022 and the judgement was handed down electronically on 13 April 2022. The Supreme Court upheld the decision made by the Western Cape High Court that SFF is responsible for out-of-pocket expenses, interest compounded and including costs of counsel for some of the traders. The SFF Board decided that the matter would be appealed at the Constitutional Court. However, this appeal was dismissed and an amount of R2.3billion was paid in relation to hedging and out of pocket expenses on 31 March 2023. There is still an amount of $22.6million (R402million) that may result in a claim against SFF.

Leave to appeal the Supreme Court decision was declined. As a result, SFF had to pay the compensation amounts as initially ordered by the Western Cape High Court (and upheld by the Supreme Court). Payments were made to Vitol and Natixis amounting to $28m and $101million, respectively amounting to approximately R2.3billion. The matter in relation to CTSA vs Taleveras for about $22.6million is still in progress based on correspondence from attorneys. According to the Western Cape judgement, should attempts by CTSA to recover from Taleveras fail then CTSA can recover from SFF.

CEF

CEF SOC Ltd was involved in one labour matter in the prior financial year and it was continuing in the current year which relates to a labour dispute (suspension of an employee). CEF is engaging with its lawyers. The proceedings have been concluded subsequent to year end,

Other contingencies arising out of operations

PetroSA Mbizana Integrated Energy Centre

PetroSA may be liable for any soil contamination resulting from the dispensing of fuel at the Mbizana Integrated Energy Centre. The estimated financial impact is R1million. Duty at source(DAS) payable to SARS and audit assessment Duties At Source (DAS) payable to SARS. On 18 February 2020, SARS issued a Letter of demand for R1billion with respect to exports from unlicensed depots for the period May 2015 to March 2017. On 28 February 2020, PetroSA requested for a suspension of the payment amount but the application for suspension was denied by SARS .

On 17 April 2020, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent interim interdict, interdicting SARS from taking any enforcement and/or collection steps against PetroSA until the merits of the SARS audit assessment are heard in the High court. PetroSA was successful in this regard.

On 30 June 2020, the DA96 application to litigate was submitted to SARS. The next step is for SARS is to submit a replying affidavit and SARS have far exceeded the time period afforded to it in terms of the Uniform Rules of Court to file its affidavit. On 18 March 2021, PetroSA sent notice indicating PetroSA's amenability to mediation. PetroSA still await SARS' response as to whether they are amenable to mediation and to file their answering affidavit by 16 May 2022.

PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. PetroSA requested for a meeting with the Minister of Finance on a without prejudice basis whether this matter may potentially be settled without the need to continue with the present litigation under case number 8080/2020 and also to ascertain when the Minister's opposing papers can be expected. No feedback has been received.

In June 2023, the High Court Registrar has allocated a date for hearing of the matter, namely on Wednesday, 22 November 2023. PetroSA was to file the head of arguments by 1 November2023 and SARS by 8 November 2023.The matter was argued before Acting Judge De Waal on Wednesday, 22 November 2023. Following the hearing, the PetroSA and SARS ("the parties")were afforded an opportunity to present supplementary written submissions (to address the aspect of a 'practice generally prevailing' which forms part of PetroSA's case herein).Written submissions on behalf of PetroSA were furnished on 28 November 2023 and SARS on 19 December 2023.

In January 2024, the parties were afforded an opportunity to make further written submissions, in light of recent judgments handed down in favour of SARS in its disputes with BP South Africa. Such judgments (BP judgments) were handed down in the Supreme Court of Appeal (SCA) and the Gauteng High Court on Friday, 12 January 2024. Having considered the BP judgments, it was decided that no purpose would be served by making further submissions; while SARS in turn elected to make some written submissions to the court.

On Thursday, 18 January 2024, judgement was handed down in this matter in favour of PetroSA. On 8 February2024, SARS has launched an application for leave to appeal. The court has confirmed that the application for leave to appeal will be heard virtually on Thursday, 11 April 2024.This was rescheduled as requested by SARS. The hearing for the application for leave to appeal will now be heard virtually on Monday, 13 May 2024

Ghana Revenue Authority
The GRA determined that PGL was liable for R168,7million (US $9,4m) Branch Profit Tax (BPT). This amount was included in the final assessment of R224,4million (US $12.5m). PGL stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights. PGL on receipt of the final audit report, notified the Ministry of Energy (MoE) of its intention to invoke the arbitration procedure provided for under the Petroleum Agreement (PA), as there was no favourable assessment upon the consideration of the objection. PetroSA Ghana has submitted a request for dispute to International Arbitral Tribunal in London for final determination on the applicability of BPT in the context of the Petroleum Income Tax Act, 1987 (PNDCL 188).

In addition, the GRA has notified PGL of its intention to audit the tax years 2019 to 2022. The requested information is currently being provided to the GRA audit team. In terms of Ghanaian Legislation, the Commissioner General of the GRA will issue an assessment after which PGL will have the opportunity to respond within a stipulated period.

Merger costs - South African National Petroleum Company
The cabinet on the 10th June 2020 announced the merger of SFF, PetroSA and iGas. As such the South African National Petroleum Company (SANPC) was established and registered with CIPC. In order to advance and implement the merger process, CEF SOC Ltd was assigned as the driver of this whole process.

The process entails procurement of different professional services from different service providers i.e. for Legal services to look at contracts and any legal matters, Due diligence, Valuations of different business divisions within PetroSA. The aforementioned thus resulted in R38.6million for the year ending 31 march 2024 as allocated portion of the merger costs to PetroSA by CEF. PetroSA then wrote a letter to CEF to have these costs waived and exonerated from making the payment as PetroSA mandated by their board also had to procure similar professional services as CEF. PetroSA still awaits a response from CEF.

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At the end of the financial year the company had a legal dispute regarding the procurement of a drivetrain purchased from The Profit Hub. This posed a possible financial obligation of R0.6 million. At year end the probability of being liable was considered to be insignificant as the legal team believe the plaintiff had little claim. However, an agreement was reach after the financial year end and subsequently settled in April 2024.

16. COMPLIANCE AND LEGISLATION

The Group is subject to a number of laws and regulations from enabling legislation to those that affect our revenue, expenses and liabilities that requires monitoring and reporting by those charged with governance. Below are significant that have been identified to warrant a summary for reporting purposes.

PFMA
The Group has implemented and maintained sound governance structures and processes to ensure compliance with the provisions of the PFMA. PFMA compliance is one of the key legislation that the Group manages and monitors. This monitoring function is achieved through the following:

- An approved process on the delegation of authority, procurement and procedures;
- Automated and manual systems and processes;
- A shareholder approved materiality framework that has been established at Group-level and cascaded throughout the Group companies.

The PFMA impose obligations on the Board and the Board for subsidiaries relating to the prevention, identification and reporting of fruitless and wasteful expenditure; irregular expenditure; expenditure that does not comply with operational policies; losses of state resources through criminal conduct and the collection of all revenue.

The Board has a materiality framework, which was approved by the Shareholder Representative. The Shareholder has approved that the materiality Group limit for reporting in terms of sections55(2)(b)(i), (ii) and (iii) of the PFMA is R759,840million per transaction.

APPROVAL LEVELS IN TERMS OF SECTION 54

All amounts are based on Audited financial statement at 31 March 2023

Figures R'000	Group	PetroSA	CEF	PASA	AE	I-Gas	SFF	OPC	CCE	ETA
Public Entity's Board Levels	<708 308	<249 899	<115 165	<9 044	<26 892	<124 489	<221 526	<803	<3	<1
CEF Board to Approve	<708 308	<249 899	<708 308	>9 044	>26 892	>124 489	>221 526	>803	>3	>1
Obtain DoE approval and inform National Treasury via the top-most Holding company	>708 308	>708 308	>708 308	>708 304	>708 308	>708 308	>708 308	>708 308	>708 308	>708 304

Irregular expenditure and fruitless and wasteful expenditure

For the list of the transgressions and management actions, refer to note 45 and 46 of the Consolidation Annual Financial Statements.

17. AUDITORS

The Auditor General of South Africa continued in office as auditors for the Group and its subsidiaries for 2024. At the AGM, the shareholder will be requested to re-appoint the Auditor General of South Africa as the independent external auditors of the Group and to confirm Mr Dumisani Cebekhulu is the designated lead Business Executive for the 2023/24 financial year.

18. ANNUAL GENERAL MEETING

The annual general meeting will be held in terms of section 61 of the Companies Act 71of 2008.

19. COMPANY SECRETARY

The Group secretary is Mr M Razwinani.

Postal address P O Box 786141
Sandton 2146

Business Address Block C, Upper Grayston Office Park, 152 Ann Crescent
Strathavon Sandton 2031

20. ACKNOWLEDGMENTS

Thanks and appreciation are extended to our shareholder, staff, suppliers and consumers for their continued support of the Group. The Consolidated Annual Financial Statements set out on **pages xx and xx** which have been prepared on the going concern basis; were approved by the Board on 30 July 2024; and were signed on its behalf by:

Ms. A Noah (Chairperson)
Johannesburg
31 July 2024

Dr. I Poolo (Group)
Johannesburg
31 July 2024

Report of the Board Audit

For The Year Ended 31 March 2024

This report is provided by the Board, Audit and Risk Committee appointed in respect of the 2024 financial year for the CEF Group.

1. Charter

The roles and responsibilities for the Audit Committee and Risk Committee (Collectively - the Committee) are split to improve and focus attention on risk management activities separately. The members of the two committees are the same members and the committee meetings takes place on the same dates.

The Committee is guided by a detailed charter that is reviewed and approved by the Board on an annual basis. The Committee has regulated their affairs in compliance with this charter and has discharged all their responsibilities as contained therein.

2. Purpose

The Committee's purpose and responsibilities arise from the Companies Act No.71 of2008 Section 94(7), The Public Audit Act N o . 25 of 2004, Public Finance Management Act of 1999; Section 76 (4)(d) and Treasury Regulations 27.1. In performing its responsibilities, the committee has reviewed the following:

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of operations to be covered in the scope of the internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- the accounting and auditing concerns identified as a result of the internal or external audits;
- compliance with applicable legal and regulatory provisions;
- the activities of the internal audit function, including its annual work program, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- the independence and objectivity of the external auditors.

3. Membership

The Committee members were appointed by the Board and comprise of at least three non-executive members. The committees consist of the members listed hereunder and should meet on a minimum of two occasions per annum as per the approved Charter. During the financial year, the following meetings were held.

Name of Director	29-May-23	09-Jun-23	25-Jul-23	28-July-23	05-Sep-23	30-Oct-23	04-Dec-23	29-Jan-24	28-Feb-24
Mr J Besnaar	Y	Y	Y	N	Y	Y	Y	Y	Y
Ms N Sondlo	Y	Y	Y	Y	Y	Y	Y	Y	N/A
Ms U Figlan	Y	Y	Y	Y	Y	Y	Y	Y	Y
Adv P Hassan	Y	Y	Y	Y	N	Y	Y	N/A	N/A
Ms G Leketi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y

Notes:

Y – Attended meeting
N – Did not attend meeting
N/A – Not a member at date of the meeting.

4. External audit

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the external audit plan as presented by the Auditor-General of South Africa. The audit committee has reviewed the Auditor-General of South Africa's Strategic Audit Plan for the2023/24 financial year and have approved the fees. The audit committee has satisfied itself that the Auditor-General of South Africa exercised their duties in an independent and objective manner.

5. Corporate governance

We are of the opinion that the Group continues to strive towards complying with sound principles of corporate governance. As per our discussions with management, management confirms that the content and quality of quarterly reports prepared and issued by the Interim Group Chief Executive Officer during the year under review were properly formulated and have complied with the PFMA in this regard.

6. Internal Audit

The Committee considered and approved the internal audit charter and approved the annual work plan for the internal audit function. The internal audit function is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across operations. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed audit plan to the Committee on a quarterly basis.

The Chief Audit Executive has direct access to the committee, primarily through its Chairperson. The Committee is also responsible for the assessment of the performance of the internal audit function.
The internal audit function is independent and has the necessary resources, budget, standing and authority within the organisation to enable it to discharge its functions. The Chief Audit Executive reports functionally to the chairperson of the Audit committee and the chairperson must concur with the appointment and dismissal of the Chief Audit Executive.

The Committee is satisfied that the internal audit function is operating effectively, and that it has addressed the risks pertinent to the Group in its audits and accordingly believe that Internal Audit has contributed to the improvement of internal controls within the Group.

7. Financial statements

The Committee reviewed the Annual Financial Statements and is satisfied that they fairly present the consolidated and separate results of operations, cash flows, and the financial position of CEF Group and comply, in all material respects, with the relevant provisions of the Companies Act, International Financial Reporting Standards (IFRS) and Interpretations of IFRS as issued by the International Accounting Standards Board

Together with the going concern assessment, the Committee reviewed the Company's policies on risk assessment and risk appetite as they pertain to financial reporting, and reviewed the Group policy related to establishing the extent of insurance cover required, and found them to be sound.

The committee has also reviewed the AGSA's management report and management's response thereto including the significant adjustments resulting from the audit. The Committee concurs and accepts the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the AGSA.

Following the review of the annual financial statements, the Committee recommends board approval thereof.

8. Accounting practices and Internal control effectiveness

The Committee is satisfied that a system of internal controls has been put in place and that these controls have functioned effectively during the period under review. The Committee considers the system of internal controls appropriate in all material respects to:

- reduce risks to an acceptable level;
- meet the business objectives;
- ensure assets are adequately safeguarded; and
- ensure that transactions undertaken are recorded in the accounting records.

It was noted that no other significant or material non-compliance with prescribed policies and procedures has been reported except as reported in the audit report. Accordingly, we can report that the system of internal controls for the period under review was efficient and effective.

9. Risk management

The Board assigned the oversight of the risk management function to the Board Audit and Risk Committee (The BARC). The Group implemented a risk management strategy which includes the fraud prevention plan and combined assurance plan. The BARC monitored the significant risks faced by the Group through reviewing risk reporting and participation in the risk assessment workshop. We are satisfied that significant risks were managed to an acceptable level.

10. Significant matters considered by the committee

The following is a description of the key matters considered by the Audit Committee.

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Fair, balanced and understandable reporting	• In preparing the Annual Financial Statements in terms of the IFRS, management is required to make certain estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported amounts of revenues and expenses during the reported period and the related disclosures.	• The Committee considered reports received from management and the external auditors' quarterly highlighting significant accounting issues and judgements and obtained assurance from management that disclosures in CEF's financial statements were fair, balanced and understandable. • Established via reports from management and external audit that there were no indications of material fraud relating to financial reporting matters. • Assessed disclosure controls and procedures. • Considered matters of accounting, tax and disclosure issues raised by the external auditors. • Requested that management report on and evidence the basis on which representations to the external auditors were made.	• Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of CEF's financial statements were appropriate.

Impairment and recoverability of assets carrying values	• Judgements and assumptions are applied by management in calculating the recoverable amount of the Cash Generating Units ("CGUs") and determining the ongoing appropriateness of the CGUs being used for the purpose of impairment testing.
	• These include assumptions such as discount rates.
	• Judgements are also required in assessing the recoverability of loans and overdue receivables and in deciding whether a provision is required.
		• The Committee reviewed the discount rates for impairment testing as part of its annual process and examined the assumptions
		• Key impairment assessments reviewed by the Committee include:
		  • Mossel Bay GTL refinery impairment
		  • Ghana blocks impairment
		  • Increase in decommission provision
			• The committee is satisfied with the judgements and assumptions used in the calculation of impairments

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Accounting for provisions	• **Post-retirement benefit obligations -** Valuation of the postretirement benefit obligation provision requires the use of assumptions in relation to uncertain future factors i.e. inflation rates, discount rates, salary increases and mortality rates. Judgement is also required in the measurement of the fair value of certain pension assets. • **Rehabilitation provisions –** Provisions are recognised for the full future restoration and rehabilitation of production facilities to the end of its economic lives. The majority of these activities will occur in the long-term and the requirements that will have to be met in future might be uncertain. Judgement is required in estimating future cost and cash outflows, discount rates, settlement dates, technology and legal requirements.	• The Committee received an update on the status of funding, investment and governance of pensions and other retirement benefits provided to current and former employees of CEF. In addition, the Committee examined the assumptions used by management as part of its annual reporting process. • The Committee received briefings on the Group's rehabilitation provisions and asset retirement obligations, environmental remediation strategies, including the key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time.	• The Committee reviewed the net post-retirement benefit assets. The valuations are performed by independent third parties. • The Committee reviewed the rehabilitation provisions for compliance with legislation and consistent application of the accounting policy. • The Committee requested that an external review be performed every two years to confirm the completeness of the rehabilitation provision. • The Committee took into account the reviews and re-computations undertaken by the external auditors which supported the accounting for all significant provisions.

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Accounting for income taxes	• Computation of the Group's income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Company's taxation policy. • Recognition of deferred tax assets in respect of accumulated tax losses are underpinned by management judgement.	• The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. • In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits and in considering management's position, the Committee took into account the work and views of external audit. • The Committee required management to manage taxes transparently and with due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. • The Committee considered management's assessment of the Group's tax exposures and the appropriateness	• The Committee reviewed the tax numbers and disclosures in the financial statements the tax policy, approach to tax management and status of compliance.
Going concern assessment	• The conclusion by the Board to prepare the annual financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net cash inflows, net debt and financing facilities available to the Group. • The assessment was done for a period of 12 months.	• The Committee critically assessed the liquidity of CEF Group using the latest forecasted projection of future cash flows.	• After examining the forecast along with CEF's ability to generate capital and raise funding in current market conditions, the Committee concluded that CEF's liquidity and capital position remained appropriate, and that the going concern basis of accounting was agreed. • Accordingly, the Committee recommended to the Board the adoption by the Company of the going concern basis of preparation.

11. Conclusion

We therefore recommend that the Board approve the Consolidated Annual Financial Statements for 2023/24.

12. Appreciation

The committee expresses its sincere appreciation to the DMRE, Directors, Group Chief Executive Officer, Management, Internal Audit and the Auditor-General of South Africa.

On behalf of the Board Audit and Risk Committee

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Mr J. Besnaar CA(SA)
Chairperson of the Board Audit and Risk Committee
31 July 2024

Statement from Company Secretary

For The Year Ended 31 March 2024

In my capacity as CEF Secretary, I hereby confirm, except where otherwise mentioned in the Consolidated Annual Financial Statements, for the year ended 31 March 2022, that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of the Group in terms of the Companies Act of South Africa of 2008 and that all such returns are to the best of my knowledge and belief, correct and up to date.

Mr M Razwinani
Group Company Secretary
31 July 2024

Report on the audit of the consolidated financial statements

Opinion

1. I have audited the consolidated financial statements of the CEFSOC Limited (CEF) and its subsidiaries (the group)set out on pages 44 to 187, which comprise the consolidated statement of financial position as at 31 March 2024, consolidated 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 financial statements, including material accounting policy information.

2. In my opinion, consolidated the financial statements present fairly, in all material respects, the financial position of the CEF SOC Limited (CEF) and its subsidiaries (the group) as at 31 March2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated financial statements section of my report.

4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Contingencies – guarantees

7. With reference to note 40 to the consolidated financial statements, the group has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.

Contingencies – litigations/claims

8. With reference to note 40 to the consolidated financial statements, the group is the defendant in various claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the consolidated financial statements.

Responsibilities of the accounting authority for the consolidated financial statements

9. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS Accounting Standards and the requirements of the PFMA and the Companies Act of South Africa; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the consolidated 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 either 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 financial statements

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

12. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report. This description, which is located at page 39 to 41, forms part of our auditor's report.

Report on the audit of the annual performance report

13. 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 strategic themes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following strategic themes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected strategic themes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic theme	Page numbers	Strategic Objective
Commercial sustainability	CEF SOC AFS	Improve profitability to achieve long-term commercial sustainability.
Short and long-term growth	CEF SOC AFS	Pursue business development initiatives to achieve long-term growth and security of supply.

15. I was engaged to evaluate the reported performance information for the selected strategic themes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over-or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

18. I did not identify any material findings on the reported performance information for the Short and long term growth strategic theme.

19.The material findings on the performance information of the selected strategic theme are as follows:

Commercial sustainability

Implement the dividend policy and SLA on services rendered to subsidiaries

20. An achievement of "Actual revenue and other income of R145 million and actual dividend received of R64million" was reported against the target "dividend income = R84.7 million". However, the target had not been clearly defined during the planning process. The strategic priority initiative states "implementation of the dividend policy and SLA on services rendered to subsidiaries", whereas the target only refers to the dividend income. There is no planned target relating to "implementing the SLA on services rendered to subsidiaries" even though the achievement on actual revenue and income was reported as an achievement. Consequently, the target is not useful for measuring and reporting on progress against the public entity's planned objectives.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations forever or under-achievements. This information should be considered in the context of the material findings on the reported performance information.

23. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons provided for any over- or under-achievement of targets are included in the annual performance report.

Commercial sustainability

Targets achieved: 4/5 (80%) Budget spent: Not applicable as the target does not have specific funds set aside for it. It is an operational target.		
Key indicator not achieved	**Planned target**	**Reported achievement**
Implement the dividend policy and SLA on services rendered to subsidiaries.	Dividend Income = R84.7 million.	Actual dividend income is R64 million, revenue and other income is R145 million.

Short and long-term growth

Targets achieved: 4/5 (80%) Budget spent: Total funds ring-fenced for projects amount to R123million, and spending amounted to R11.1million. The majority of the spending takes place when CEF and parties sign an agreement. The target below currently does not have a significant impact on the funds spent due to its current stage of completion.		
Key indicator not achieved	**Planned target**	**Reported achievement**
Conduct extensive business opportunity market research.	Two Board-approved s54 applications.	Section 54 Application for one project was approved by the Board for the 2023/2024 Financial Year.

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Commercial sustainability strategic theme. Management did not correct all of the misstatements for the Commercial sustainability strategic theme, and I reported material findings in this regard.

Group report on performance against objectives

25. With reference to the consolidated annual financial statements, the group has included group report on performance against objectives. This disclosure requirement did not form part of the audit of the annual performance report and, accordingly, I do not express an opinion on it.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management, and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to reporting an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b)of the PFMA. Material misstatements relating to other financial assets in the disclosure notes of CEF SOC Ltd were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report, and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the consolidated financial statements, the auditor's report, and the selected strategic themes presented in the annual performance report that have been specifically reported on in this auditor's report.

32. My opinion on the consolidated financial statements, the report on the audit of the annual performance report, and the report on compliance with legislation, does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements and the selected strategic themes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

35. I have nothing to report in this regard.

Internal control deficiencies

36. I considered internal control relevant to my audit of the consolidated financial statements, annual performance report, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

38. Senior management did not implement adequate review controls to ensure that the annual financial statements and annual performance report are free from material misstatements.

39. The accounting authority did not exercise adequate oversight responsibility over the internal controls relating to compliance with key laws and regulations, and reliable financial reporting, performance reporting as well as the related internal controls.

Johannesburg
31 August 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

The annexure includes the following:

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

Auditor-general's responsibility for the audit
Professional judgement and professional scepticism

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

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

- identify and assess the risks of material misstatement of the consolidated 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 group'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 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 CEF SOC Ltd 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated 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 group to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated 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 them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

Group Strategic Themes Against Performance

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
Consolidation and turnaround (20%)	Execution of the CEF SOC repositioning Shared service model	Strategic projects contributing R40 mn to operating profit by FY26/27 (through revenue uplift and/or cost reduction)	Implementation of the approved CEF SOC repositioning shared services roadmap.	5,0%	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1	Implementation of the approved CEF SOC repositioning shared services road map Phase 1: (10% lifting)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (10% standardization)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (20% standardization)	Implementation of the approved CEF SOC repositioning shared services roadmap Phase 1 (40% standardization)	Shared services execution has commenced as per the implementation road map in the following: • The PASA payroll have successfully be lifted to CEF for the entire organisation. • Wellness and Diversity programme have been commenced with AE to ensure collaboration and alignment. • Policies have been developed and shared with subsidiaries for inputs and adoption where possible.	5,00
	Stabilisation and turnaround of PetroSA to achieve positive net returns and revenue stream diversification	PetroSA achieves and maintains net profit margin of > 12% from FY23/24 onward	PetroSA Company net profit margin = 4%	5,0%	Net profit margin less than 0%	Net profit margin = 2%	Net profit margin = 4%	Net profit margin = 6%	Net profit margin = 10%	A Net Proft Margin of -4.8% is realised. i.e., a Net Loss. Target sales were below budget	1,00
	Stabilisation and turnaround of AEMFC to achieve positive net returns and revenue stream diversification	AEMFC achieves and maintains net profit margin of > 12% from FY23/24 onward	AEMFC Company net profit margin = 10%	5,0%	Net profit margin less than 6%	Net profit margin = 6%	Net profit margin = 10%	Net profit margin = 12%	Net profit margin = 14%	The realised net profit margin of 2.54% well below target. This shortfall is mainly attributable to the unfavourable gross profit, which adversely affected the bottom line despite operating costs being lower than budgeted.	1,00
	Consolidation of IGAS, PetroSA, & SFF to form the South African National Petroleum Company (SA NPC)	SA NPC Incorporation. Realise an SA NPC revenue of R40 Bn by 27/28	SA NPC Incorporation and Board Approved Implementation Plan	5,0%	Implement 30 % of Phase 2 of the merger project	Implement 60 % of Phase 2 of the merger project	Implement 100 % of Phase 2 of the merger project	Commence implementation of Phase 3 of the merger project	Implement 30 % of Phase 3 of the merger project	During the period under review key milestones were achieved as part of the SANPC incorporation process. • Engagements with National Treasury and the submission of the Draft S51 Application for comment and input, • Appointment of the SANPC and Legacy Board. • Transitional CEO Appointment; • Commencement of Asset Fair value assessments,	3,00

Group Strategic Themes Against Performance (cont.)

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition: Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5	FY23/ 24 Actual performance	FYE Score
		Grow existing market share	3.5 billion litres of finished product sold	5,0%	Less than 3 billion litres of finished product	3 billion litres of finished product	Cumulative 3.5 billion litres of finished product	3.6 billion litres of finished product	3.8 billion litres of finished product	YTD sales volumes were 1.6 billion litres vs. a target of 3.5 billion litres. This is due to unrealised sales from new products such as kerosene, HFO and lubricants. Then, the planned sales for International Business for the quarter did not materialise due to the lack of a trading facility. Commercial sales were also lower due to competitors offering higher discounts in the hospitality depots.	1,00
Human Performance and Org alignment (20%)	Implement improvements towards a High-Performance Organisation.	80% implementation of Human Capital strategy	Effective and efficient management of human capital	10,0%	EXCO Approved Human Capital Strategy	HRRN & Board Approved Human Capital Strategy	Awareness and communication of the Approved Human Capital Strategy	10% implementation of Human Capital strategy	30% implementation of Human Capital strategy	58% of the human capital strategy road map deliverables for 2023/24 were implemented in contrast to the contracted 15%. This % is based on 12 deliverables of which the following 7 were implemented: - Automation of recruitment process - Implementation of the Annual Training Plan through Individual Development Plans - Implementation of leadership programmes in the form of Coaching & Earner gram - More 80% of the individual Development Plans implemented covering over 100 employees - Consistent entity and group reporting without fail. - Implementation of CEF Benefits & Recognition Policy through the inaugural CEF 2023 Awards - Employee Engagement Survey Conducted	5,00
	Improve stakeholder and community relations to achieve net-positive sentiment with key constituents	Improve BBBEEE level from level 4 to level 1 by FY26/27	Overall BBBEEE Level 4 rating	5,0%	BBBEEE Level higher than 5 rating	BBBEEE Level 5 rating	BBBEEE Level 4 rating	BBBEEE Level 3 rating	BBBEEE Level 2 rating	• BBBEEE Improvement Plan continues to be implemented. • Improved appointment of women at the Senior, Middle and Junior Management levels on full time or acting basis. • There is focus on preferential procurement where certain aspects of	1,00

Group Strategic Themes Against Performance (cont.)

Strategic Theme	Objective	KPI & 5 Year Key Result / Target	FY23/ 24 Key Result / Target	% Weight	Target definition					FY23/ 24 Actual performance	FYE Score
					Level 1	Level 2	Level 3 = On Target Score	Level 4	Level 5		
										goods and services are exclusively procured from 51% black-owned and managed companies. • Socio-Economic Development is ongoing.	
		Brand Reputation Score of 80%	Conduct Brand Reputation assessment	5,0%	Perform Brand Reputation survey	Analysis of results and develop action plan	Implement 50% action plan	Implement 65% action plan	Implement 70% action plan	The CEF Group Corporate Survey closed for inputs by the end of January 2024. A draft report was then presented for review and inputs. A few suggestions and reviews were suggested in order to provide an average score of the CEF Group of companies and not just the subsidiaries. The inputs were incorporated into the report and a final report.	5,00
Operational Excellence (10%)	Increase in organisational efficiency and productivity to ultimately drive average revenue per FTE to 15% by FY27/28	Achieve at least 80% digital automation of all eligible business processes by FY26/27	Automate a cumulative 25% of selected processes by year-end	5,0%	Automate a cumulative 10% of selected processes by year-end	Automate a cumulative 15% of selected processes by year-end	Automate a cumulative 25% of selected processes by year-end	Automate a cumulative 35% of selected processes by year-end	Automate a cumulative 50% of selected processes by year-end	The selected processes were for business performance management, ad for Internal Audit.100% of the selected processes are automated successfully.	5,00
	Improve investment control and corporate governance	Reduce material audit findings to zero (0) by FY 26/27, achieving and maintaining a clean audit for the Group	No more than 2 material audit findings on CEF Group financials and operations	5,0%	More than 3 material audit findings on CEF Group financials and operations.	3 material audit findings on CEF Group financials and operations.	2 material audit findings on CEF Group financials and operations.	1 material audit findings on CEF Group financials and operations.	0 material audit findings on CEF Group financials and operations.	The Audit process for FY 2023/24 is concluded. There was NO material audit findings for CEF Group	5,00

3.10 /5.00
62.0%

Consolidated Statement of Financial Position

For The Year Ended 31 March 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	4	6,828,618	6,956,932
Goodwill	5	26,814	26,814
Intangible assets	6	1,396,907	1,346,052
Investments in subsidiaries	7	-	-
Investments in joint ventures	8	-	-
Investments in associates	9	3,433,591	3,429,788
Loans to group companies	10	733,698	594,591
Other financial assets	12	2,131,142	2,048,990
Trade and other receivables	18	18,946	14,356
Investments at fair value	13	150	122
Deferred tax	14	417,015	438,425
Prepayments	15	104	207
Strategic Stock	16	1,676,568	1,606,477
		16,663,553	**16,462,754**
Current Assets			
Inventories	17	2,150,860	987,885
Other financial assets	12	305,005	148,748
Trade and other receivables	18	2,440,327	3,641,675
Prepayments	15	259,297	81,850
Current tax receivable		8,498	11,593
Strategic inventory	16	704,690	974,998
Cash and cash equivalents	19	15,025,110	13,190,722
		20,893,787	**19,037,471**
Non-current assets held for sale and assets of disposal groups	20	19,045	-
Total Assets		**37,576,385**	**35,500,225**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Reserves		1,424,221	1,306,133
Retained income		10,899,035	11,403,482
		12,323,256	12,709,615
Non-controlling interest		40,972	35,048
		12,364,228	**12,744,663**

Consolidated Statement of Financial Position

For the Year Ended 31 March 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated *
Liabilities			
Non-Current Liabilities			
Other financial liabilities	22	2,116,369	2,511,946
Lease liabilities	24	976,741	1,037,449
Retirement benefit obligation	23	226,135	220,488
Deferred tax	14	984,135	1,146,708
Provisions	25	11,052,103	11,314,304
Deferred income	26	66,341	3,760
		15,421,824	**16,234,655**
Current Liabilities			
Trade and other payables	27	8,666,253	5,685,096
Other financial liabilities	22	568,777	378,887
Lease liabilities	24	132,959	106,692
Retirement benefit obligation	23	6,187	5,765
Current tax payable		195,507	16,448
Provisions	25	103,573	203,153
Deferred income	26	110,897	124,866
		9,784,153	**6,520,907**
Liabilities of disposal groups	20	6,180	-
Total Liabilities		**25,212,157**	**22,755,562**
Total Equity and Liabilities		**37,576,385**	**35,500,225**

Statement of Profit or Loss & Other Comprehensive Income

For the Year ended 31 March 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated *
Continuing operations			
Revenue	28	29,778,214	28,375,333
Cost of sales	29	(25,681,667)	(24,466,653)
Gross profit		**4,096,547**	**3,908,680**
Other operating income	30	93,966	3,149,482
Other operating gains (losses)	31	353,670	(2,501,687)
Movement in credit loss allowances	32	(30,086)	(3,555)
Other operating expenses		(5,542,197)	(2,852,102)
Operating (loss) profit	32	**(1,028,100)**	**1,700,818**
Investment income	33	1,110,304	740,031
Finance costs	34	(1,057,803)	(995,558)
Income from equity accounted investments	9	911,309	777,591
(Loss) profit before taxation		**(64,290)**	**2,222,882**
Taxation	35	(457,657)	(452,709)
(Loss) profit from continuing operations		**(521,947)**	**1,770,173**
Discontinued operations			
Loss from discontinued operations		(206)	(219)
(Loss) profit for the year		**(522,153)**	**1,769,954**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		10,913	(12,079)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		140,946	424,042
Share of comprehensive income of equity accounted investments		(22,858)	89,487
Total items that may be reclassified to profit or loss		**118,088**	**513,529**
Other comprehensive income for the year net of taxation	36	**129,001**	**501,450**
Total comprehensive (loss) income for the year		**(393,152)**	**2,271,404**
(Loss) profit attributable to:			
Owners of the parent:			
From continuing operations		(514,166)	1,780,083
From discontinued operations		(124)	(219)
		(514,290)	**1,779,864**
Non-controlling interest:			
From continuing operations		(7,781)	(9,910)
From discontinued operations		(82)	-
		(7,863)	**(9,910)**
Total comprehensive (loss) income attributable to:			
Owners of the parent		(385,289)	2,281,314
Non-controlling interest		(7,863)	(9,910)
		(393,152)	**2,271,404**

Statement of Changes in Equity

Figures in Rand thousand	Foreign cun	Cash flow h	Retained in	Total attribu	Non-contro	Total equity
Restated* Balance at 01 April 2022	**906,726**	**(114,122)**	**9,635,697**	**10,428,301**	**(7,166)**	**10,421,135**
Profit for the year	-	-	1,779,864	1,779,864	(9,910)	1,769,954
Other comprehensive income	424,042	89,487	(12,079)	501,450	-	501,450
Total comprehensive income for the year	**424,042**	**89,487**	**1,767,785**	**2,281,314**	**(9,910)**	**2,271,404**
Business combinations	-	-	-	-	52,124	52,124
Opening balance as previously reported	1,330,768	(24,635)	11,356,885	12,663,018	35,048	12,698,066
Adjustments						
Other adjustment	-	-	(1,070)	(1,070)	-	(1,070)
Prior year adjustments	-	-	46,597	46,597	-	46,597
Balance at 01 April 2023 as restated	**1,330,768**	**(24,635)**	**11,402,412**	**12,708,545**	**35,048**	**12,743,593**
Loss for the year	-	-	(514,290)	(514,290)	(7,863)	(522,153)
Other comprehensive income	140,946	(22,858)	10,913	129,001	-	129,001
Total comprehensive Loss for the year	**140,946**	**(22,858)**	**(503,377)**	**(385,289)**	**(7,863)**	**(393,152)**
Business combinations	-	-	-	-	13,787	13,787
Balance at 31 March 2024	**1,471,714**	**(47,493)**	**10,899,035**	**12,323,256**	**40,972**	**12,364,228**
Note(s)	21&36	36	36			

The accounting policies on pages 13 to 46 and the notes on pages 47 to 149 form an integral part of the consolidated annual financial statements.

* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long term loan to a subsidiary company, to the reporting currency.

Consolidated Statement of Cash Flows

For The Year Ended 31 March 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated *
Cash flows from operating activities			
Cash generated from/(used in) operations	37	(138,798)	(1,990,592)
Interest income	33	1,019,863	687,717
Dividends received	33	920,006	791,622
Finance costs	34	(391,510)	(381,800)
Tax paid	38	(403,248)	(363,174)
Net cash from operating activities		**1,006,313**	**(1,256,227)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(456,308)	(490,104)
Proceeds from sale of property, plant and equipment	4	164	1,256
Purchase of other intangible assets	6	(69,281)	(44,387)
Purchases of investments in associates	9	(44,730)	(2,516,959)
Movements in financial assets	9	(82,119)	129,460
Proceeds on sale of strategic stock	11	1,732,634	2,011,335
Receipt in loans to group companies	10	-	12,180
Sale of other intangible assets		-	137
Loans advanced on loans receivable	16	(158,759)	(2,279,122)
Movement of funds held on behalf of third parties	33	1,911	(34,615)
Net cash from investing activities		**923,512**	**(3,210,819)**
Cash flows from financing activities			
Repayment of other financial liabilities		(429,696)	(402,313)
Advances received on other financial liabilities		178,921	3,208,763
Repayments of lease liabilities	26	(113,354)	(119,361)
Net cash from financing activities		**(364,129)**	**2,687,089**
Total cash movement for the year		**1,565,696**	**(1,779,957)**
Cash and cash equivalents at the beginning of the year		13,190,308	14,091,678
Effect of exchange rate movement on cash balances		128,160	454,959
Effect of translation of foreign entities		140,946	424,042
Cash and cash equivalents at the end of the year	19	**15,025,110**	**13,190,722**

1. MATERIAL ACCOUNTING POLICIES

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

1.1 Basis of preparation

The 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 International Financial Reporting Standards Interpretations Committee ("IFRSIC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Companies Act of South Africa as amended

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

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

These accounting policies are consistent with the previous period.

1.2 Consolidation Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell..

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date. On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Joint arrangements Joint operations

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.4 Investment in associate and joint ventures

The financial results of associates and joint ventures are included in the Group’s results according to the equity accounting method from the acquisition date until the disposal date. Under the equity method, investments in associates and joint ventures are recognised initially at cost. Subsequent to the acquisition date, the Group’s share of profits or losses of associates and joint ventures is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income or equity as appropriate. A JV is a joint arrangement in which parties have joint control, with rights to the net asset of the arrangement.

An associate is an entity, other than a subsidiary, JV or joint operation, in which the Group has significant influence, but no control or joint control over the financial and operating policies. Associates and joint ventures whose financial year-ends are within three months of 31 March are included in the Consolidated Annual Financial Statements statements using their most recently management reports at 31 March. Adjustments are made to the associates’ and JVs’ financial results for material transactions and events in the intervening period

1.5 Significant judgements and sources of estimation uncertainty

In preparing the Consolidated Annual Financial Statements in terms of IFRS, the Group's management is required to make certain estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the Consolidated Annual Financial Statements and the reported amounts of revenues and expenses during the reported period and the related disclosures. As these estimates and assumptions concern future events, due to the inherent uncertainty involved in this process, the actual results often vary from the estimates. These estimates and judgments are based on historical experience, current and expected future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies

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

Revenue recognition

Hardware was delivered to customers during the last quarter. Defects were identified by the customers shortly afterwards.

Negotiations were held, and an agreement regarding rectification works was reached. This agreement will result in expenditure by the company until approximately the second quarter of the next reporting period. The accounting policy for revenue recognition from these products is on delivery. However, management were required to consider whether it was appropriate to recognise the revenue from these transactions of R20 million in the current year, in line with the company policy of recognising revenue for the sale of goods when those goods are delivered to the customer, or whether it would be more appropriate to defer recognition until the rectification work was complete.

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the company had transferred control of the goods to the customer. Following the detailed quantification of the company liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Key sources of estimation uncertainty

Allowance for slow moving, damaged and obsolete inventory

Net realisable value tests are performed at each reporting date and allowance is made to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and production costs and cost to sell on certain inventory items. The write down is included in the operating expenses.

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

Useful lives of property, plant and equipment
On an annual basis, management evaluates the useful life of all assets. In carrying out this exercise, experience of assets historical performance and the medium-term business plan are taken into consideration.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions
Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 25.

Income Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide 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.

Environmental, decommissioning and rehabilitation provision
The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgment is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgments because most of the obligations will be fulfilled only in the future, and contracts and laws are often not clear on what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business, the exchange rate, inflation, discount rate and statutory considerations. It is envisaged that, based on the current information available, any additional liability in excess of an estimate is based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances.

Recoverability of assets
The Group assesses its cash generating units (CGUs) at each reporting period to determine whether any indication of impairment exists. Impairment tests are performed when there is an indication of impairment of assets or a reversal of previous impairments of assets. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU).

Management, therefore, has implemented certain impairment indicators and these include movements in exchange rates, commodity prices and the economic environment in which its businesses operate. Estimates are made in determining the recoverable amount of assets, which include the estimation of cash flows and discount rates used. In estimating the cash flows, management bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets, based on publicly available information. The discount rates used are pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of CGUs.

Mineral reserve and resource estimates

Mineral reserves are estimates of the amount of mineral that can be economically and legally extracted from the Group's mineral properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of mineral in place, recovery factors and future commodity prices. Future development costs are estimated using assumptions as to the number of wells and drill holes required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets and production assets may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss may change where such charges are determined using the units of production (UoP) and life of mine (LoM) method.
- Provisions for decommissioning may change, where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred tax assets may change due to changes in judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

1.6 Irregular expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the PFMA.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure is removed from the notes when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

1.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.
Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the fruitless and wasteful expenditure incurred.
Fruitless and wasteful expenditure is removed from the notes when it is transferred to receivables for recovery, or written-off.
Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

1.8 Property, plant and equipment

The Group's Property plant and equipment is made up of the following:

- Assets used in the production process such as land and buildings, plant machinery, production assets, furniture and fixtures, motor vehicles, office equipment, IT equipment and mine infrastructure.
- Assets under development
- Restoration costs
- Major Maintenance costs (Shutdown)

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.
Initial recognition. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Initial measurement
Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated. Cost includes the purchase price or construction costs, the present value of the expected cost for the decommissioning and environmental rehabilitation of an asset after its use, and qualifying borrowing costs. When property, plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	5-65 years
Plant and machinery	Straight line	3-80 years
Furniture and fixtures	Straight line	3-20 years
Motor vehicles	Straight line	4-15 years
IT equipment	Straight line	2-10 years
Restoration costs	Straight line	LoM
Mine infrastructure	Straight line	5-20 years limited to LoM
Shutdown costs	Straight line	3-5 years
production assets	Straight line	3-20 years limited to LoM/UoP
Right-of-use Asset	Straight line	<Lease term/useful life

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial time to prepare for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Un-pumpable stock

The part of the strategic crude oil that is necessary to operate (in technical terms) the plant and cannot be recouped (or can be recouped but would then be significantly impaired as sludge), even when the plant is abandoned, is considered as an item of property, plant and equipment. These items are initially measured at historical and subsequently measured at costs less accumulated depreciation and impairment. Depreciation is charged so as to write off the depreciable amount of the assets over their estimated useful lives, using the straight-line method to write off the cost of each asset that reflects the pattern in which the asset's future economic benefits
are expected to be consumed by the entity. The useful life is linked to the life of the Tanks.

Shutdown costs

Shutdown costs relates to expenditure incurred for major maintenance and servicing of the Plant. When shutdown costs will be incurred, an estimate of these shutdown costs is included in the carrying value of the asset at initial recognition.
Production assets are depreciated from the date production commences, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus the production in the period, on a field-by-field basis.

Production assets (oil and gas fields)

Oil and gas production assets are the aggregated exploration and evaluation tangible assets, and development expenditure associated with the production of proved reserves.

Subsequent expenditure which enhances or extends the performance of oil and gas production assets beyond their original specifications is recognised as capital expenditure and added to the original cost of the asset.

Production assets are depreciated from the date production commences, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the carrying value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Units of production rates are based on the proved and probable developed reserves, which are oil, gas and other mineral reserves estimated to be recoverable from existing facilities using current operating methods. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the carrying value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs. Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single cash generating unit for impairment purposes.

Any impairment identified is charged to profit or loss. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to profit or loss, net of any depreciation that would have been charged since the impairment.

Restoration costs
Cost of property, plant and equipment also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels.

Provision is made for all net estimated abandonment costs as soon as an obligation to rehabilitate the area exists, based on the present value of the future estimated costs. These costs are deferred and are depreciated over the useful life of the assets to which they relate using the unit of production method based on the same reserve quantities as are used for the calculation of depletion of oil and gas production assets.

The amount recognised is the estimated cost of restoration, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the restoration provision is included as a finance cost.

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

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

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

Capitalised stripping costs

Waste removal costs incurred in the production phase are incurred for production of inventory as well as the creation of future benefits by improving access to the ore to be mined, the latter being referred to as a 'stripping activity asset'. Judgment is required to distinguish between these two activities. The ore bodies need to be identified by their identifiable components. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgment is required to identify and define these components, and to determine the expected volumes (tons) of waste to be stripped and ore to be mined in each of these components. These assessments are based on a combination of information available in the mine plans, specific characteristics of the ore body and milestones relating to major capital investment decisions.

Judgment is required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tons) of waste to be stripped for an expected volume (tons) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tons) of waste to the volume (tons) of ore is considered to determine the most suitable production measure. These judgments and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgments and estimates are also used to apply the depreciation method in determining the depreciable lives of the stripping activity asset.

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. In open-pit mining, stripping costs are accounted for separately for each component of an ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan.

There are two types of stripping activity:

- Development stripping is the initial overburden removal during the development phase to obtain access to a mineral deposit that will be commercially produced.
- Production stripping begins after the first saleable minerals have been extracted from the component. Development stripping costs are capitalised as a development stripping asset when:
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The costs can be measured reliably.

Production stripping can give rise to two benefits, either the production of inventory in the current period or improved access to the ore to be mined in future periods. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing the inventory. Where production stripping costs are incurred and where the benefit is the creation of access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as 'production stripping asset', if the following criteria are met:

- It is probable that the future economic benefit (improved access to ore) will flow to the entity
- The component of the ore body for which access has been improved can be identified and
- The costs relating to the stripping activity can be measured reliably.

If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss. Production stripping asset is accounted for as an addition or enhancement to the mine infrastructure. The asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component, plus an allocation of attributable overheads. If the production stripping asset and the inventory produced are not separately identified, a production measure is used to allocate the production stripping costs between the inventory produced and the production stripping asset. Production stripping assets are carried at cost less depreciation and impairment loss.

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

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount.

The gain or losses arising from derecognition of an item of property, plant and equipment is included in operating profit or loss.

1.9 Intangible assets

The Group's intangible assets comprise of the following:
- Exploration and evaluation assets
- Project development costs
- Software
- Patents and Licences
- Restoration costs

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Project development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Patents and licences
The Group has also internally generated patents that were developed by the internal experts. These patents have an indefinite useful life.

The purchased patents are granted to be used for the duration of the contract by the relevant owner, with the option of renewal at the end of this period.

Software licences for the use of intellectual property are granted for periods ranging between two and 10 years depending on the specific licences.

Exploration, evaluation and development assets

a. Oil and gas wells
The “successful efforts” method is used to account for natural oil and gas exploration, evaluation and development activities.

Under the successful efforts method, only those costs that lead directly to the discovery, acquisition, or development of specific discrete mineral reserves are capitalised and become part of the capitalised costs of the cost centre.
Costs that are known to fail to meet this criterion (at the time of incurrence) are generally charged to the statement of profit or loss as an expense in the period they are incurred.

b. Coal Mining
Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred. Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

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

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

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

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

Pre-licensing costs
These are costs incurred prior to the acquisition of a legal right to explore for oil and gas. They may include speculative seismic data and subsequent geological and geophysical analysis of this data, but may not be exclusive to such costs. These costs are expensed in the year they are incurred.

Exploration and evaluation costs
All costs relating to the acquisition of licenses, exploration and evaluation of a well, field or exploration area are initially capitalised. Directly attributable administration costs and interest payable are capitalised insofar as they relate to specific development activities.

These costs are not depreciated but written off as exploration costs in profit or loss unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

Assets Pending Determination
Exploratory wells that discover potentially commercial reserves are capitalised pending a decision to further develop or a firm plan to develop has been approved. These are continuously assessed for impairment. If no such plan or development exists or information is obtained that raises doubt about the economic or operating viability then an impairment is recognised. If a plan or intention to further develop these wells or fields exists, the costs are transferred to development costs.

Commercial reserves
Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Development costs
Costs of development wells, platforms, well equipment and attendant production facilities are capitalised. The cost of production facilities capitalised includes finance costs incurred until the production facility is completed and ready for the start of the production phase. All development wells are not depreciated until production starts and then they are depreciated on the Units of Production method calculated using the estimated proved and probable reserves.

Dry wells
Geological and geophysical costs, as well as all other costs relating to dry exploratory wells costs are recognised in the profit and loss in the year they are incurred.
Software

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values.

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
External Patents	Straight line	5-10 years
Developed Patents	Indefinite	Indefinite useful life
Software licences	Straight line	2-10 years
Intangible assets under development	N/A	N/A

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

1.10 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.
Broadly, the classification possibilities, which are adopted by the Group ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- **Amortised cost.** (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- **Fair value through other comprehensive income.** (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- **Mandatorily at fair value through profit or loss.** (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- **Designated at fair value through profit or loss.** (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Refer to the Note on Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans receivable at amortised cost Classification

Loans to group companies (note 9), are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement
Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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

Application of the effective interest method
Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment
The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information. Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Write-off policy

The Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date. Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa. An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 43).

Trade and other receivables Classification
Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 18).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement
Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

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

Impairment
The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses
The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

Financial instruments at fair value through profit or loss
Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date to assess if the business model has changed.

Financial assets are recognised on transaction date when the entity becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred. Financial assets are stated initially on transaction date at fair value including transaction costs.
Subsequent measurement is the difference between the fair value of a financial asset and the amount initially recognized, that is the movement in the index values of the investment (gains or losses), and are charged to the income statement.

Refer to note on fair value information.

Trade and other payables Classification
Trade and other payables (note 27), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement
They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 33). Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies
When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 29)

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

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 and subsequently recorded at fair value. Due to the carrying value considered to reflect its fair value.

Bank overdrafts
Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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

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

1.11 Hedge Accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.12 Pre-payments

Prepayments are recognised when there is a payment in advance for services not yet received. They are subsequently released to profit and loss over the period the services are received.

1.13 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

When management assess the extent to which is it probable that taxable profit will be available against which potential deferred tax assets can be utilised, they take into consideration that the utilisation of assessed losses are limited to the greater of 80% of the taxable income or R1 million in the year of assessment. 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. Current and deferred taxes are 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 which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity

Royalty taxes

In addition to corporate income taxes, the Group recognises taxes on royalty income. Royalty tax is treated as a taxation arrangement when it has the characteristics of a tax. This is considered to be the case when it is imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for temporary differences.

Value-added tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

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

Cost includes the purchase price or construction costs, the present value of the expected cost for the decommissioning and environmental rehabilitation of an asset after its use, and qualifying borrowing costs.

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

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

1.14 Leases

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

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.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee
A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 31) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).
However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 24 Leases Group as lessee).

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 2431).

The lease liability is presented as a separate line item on the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 33).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented within property, plant and equipment on the Consolidated Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15. No contracts were identified that required specific judgement as to whether they contained leases.

1.15 Inventories

Inventories includes a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales. Inventories are valued at the lower of cost and net realisable value. These are the various types of inventory held by the Group:

Strategic inventory
Inventory costs include purchase cost, transport, handling costs as well as allocated operating overheads. These inventories are being held in accordance with Ministerial Directives as prescribed by the Minister.

The carrying amount of the strategic crude oil is expected to be realised past 12 months after the reporting date, thus it is included in non-current assets. The net realisable value is referenced against the crude oil market prices from Platts. This is based on the exercises where benchmarking had to be done to the Platts data.

Also included in strategic inventory is diesel. The diesel was acquired by the Group but has been pumped into Transnet's pipeline for that pipeline to operate. The diesel remains in the pipeline at all times. Although the diesel is in the pipeline owned by Transnet, the diesel still belongs to the Group and will be returned to the Group in the same condition (quality) when the pipeline ceases to operate. This is revalued annually against market prices.

Petroleum products
Finished and intermediate inventory is measured at the lower of cost and net realisable value according to the standard costing method. Cost includes production expenditure, depreciation and a proportion of triennial turnaround expenses and replacement of catalysts, as well as transport and handling costs. Provision is made for obsolete, slow-moving and defective inventories.

Coal inventory
Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads, which are directly attributable to the cost of manufacturing such inventory.

Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is sold, less estimated costs to bring the product to sale.

Spares, catalysts and chemicals
These inventories are measured at the lower of cost on a weighted average cost basis and net realisable value less appropriate provision for obsolescence determined by reference to specific items of inventory. 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.

Finished inventories and work-in-progress
Finished inventories and work-in-progress is measured at the lower of cost and net realisable value according to the standard costing method. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions. Cost includes production expenditure, depreciation and a proportion of shutdown expenses and replacement of catalysts, as well as transport and handling costs. Provision is made for obsolete, slow-moving and defective inventories.

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

1.16 Non-current assets (disposal groups) held for sale or distribution to owners

The Group classifies non-current assets and disposal groups as held for sale/held for distribution to owners if their carrying amounts will be recovered principally through a disposal rather than through continuing use.

Such non-current assets and disposal groups classified as held for disposal are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held-for-disposal classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate disposal and transfer in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the disposal will be withdrawn. The probability of shareholders' approval (if required in terms of PFMA and other applicable laws and regulations) should be considered as part of the assessment of whether the distribution/sale is highly probable.

Management must be committed to the disposal which qualifies for recognition as a completed sale within one year from the date of the classification. Depreciation of assets ceases from the date of classification in 'Non-current assets held for sale'. Assets and liabilities classified as held for disposal/distribution to owners are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income. Financial performance, cash flows and net assets of the discontinued operation are disclosed separately in the notes.

1.17 Impairment of assets

The Group assesses, at each reporting date, whether there is an indication that an asset (other than inventory and deferred tax asset) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

Exploration assets are tested for impairment prior to transferring to the development phase of the property or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase. 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.

1.18 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

1.19 Materiality and aggregation

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Also the nature and size of the line item is taken into consideration. Line items that are not considered to be individually material are aggregated with other items in the statements and disclosed separately in the note.

1.20 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

Defined contribution plans

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

The Group operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is funded by payments from the Group and takes into account the recommendations of independent qualified actuaries.

Contributions to a defined contribution plan for service in a particular period are recognised as an expense in that period.

Defined benefit plans

Actuarial valuations are conducted annually by independent actuaries separately for each plan. The Group provides defined benefit plans for pension and post-retirement healthcare to certain retirees. The entitlement to pension and post-retirement healthcare benefits is based on the eligible employees remaining in service up to retirement age. These benefits are funded by the Group. The cost of providing retirement benefits under a defined benefit plan is determined using a projected unit credit valuation method. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to other comprehensive income (OCI) in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Re-measurements comprising actuarial gains and losses, the effect of the asset ceiling and return on plan assets (excluding interest) are recognised immediately to the consolidated statement of financial position and to other comprehensive income in the period they occur. The amount recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Current service costs are recognised are recognised as an expense in the period in which the related services are performed.

Net interest income or expense are recognised in investment income and finance costs respectively.

1.21 Provisions and contingencies

The Group's provisions mainly relate to the following:

- Environmental rehabilitation costs (Dismantling and Restoration)
- Bonus provision
- Social investment provision

Provisions represent liabilities of uncertain timing or amounts. Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Environmental rehabilitation costs (Dismantling and Restoration)
Provision for the cost of environmental and other remedial work, such as reclamation costs, shut down and restoration costs, is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels. Provision is initially recognised at net estimated decommissioning costs as soon as an obligation to rehabilitate the area exists, based on the present value of the future estimated costs. These costs are capitalised by increasing the carrying amount of the related mineral asset and depreciated over the useful life of the assets to which they relate based on the same reserve quantities as are used for the calculation of depletion of mineral assets.

The amount recognised is the estimated cost of restoration, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of restoration or restoration cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. Any reduction in the restoration liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. The unwinding of the discount on the restoration provision is included as a finance cost.

Environmental expenditures that relate to current revenues are expensed and/or future revenues are capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed. The Group does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingencies are disclosed in note 38.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in 40.

1.22 Government grants

Government grants are recognised when there is reasonable assurance that:
- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.
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 entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.23 Revenue from contracts with customers

The company recognises revenue from the following major sources:

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

Nature of goods and services
The following is a description of principal activities from which the Group generates its revenues from:

1. Sale of goods - Petroleum Products: Revenue from the sale of oil and petroleum products is recognised when the Group transfer control of the product to the customer. Control is transferred at the point of delivery.

2. Coal: Revenue from the sale of coal is recognised when title has passed to the buyer. Title passes when delivery has been made and the coal have been accepted by the buyer to meet the required specification.

3. Rendering of services - Management fees: Revenue from the management services is recognised over time as the customer simultaneously receives and consume benefits as provided by the entity towards satisfying its performance obligation. The group measures the progress towards completion of performance obligation by making reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

4. Levy: The Group provides oil pollution control services to customers. This is considered to be a distinct service as:

- the customers can benefit from the services either on its own or together with other resources that are readily available to the customer (i.e. the services are capable of being distinct); and
- the Group's promise to transfer the services to the customers is separately identifiable from other promises in the contract (i.e. the services are distinct within the context of the contract).
- •Revenue relating to the oil pollution control services is recognised at a point in time when the services are rendered.

5. Royalties and licence fees: The Group issues licences and permits to customers for exploration and exploitation of oil and gas. Revenue is recognised over a term of granting the right and permit. A receivable is recognised by the Group when
a right/ permit is granted. No element of financing is deemed present as the transaction has a credit term of 30 days.

6. Interest income: For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in investment income in the statement of profit or loss. For CEF SOC, interest income accrued to or received from the money market account is recognised as Revenue .

7.Rental income: Rental income arising from operating leases on storage tanks is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

8. Dividend income: Dividend income is recognised when the right to receive payment is established.

9. Data Sales: For sales of data to customers, revenue is recognised when control of the goods has transferred, being when the customer has taken delivery of data. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

10. Dividends: For CEF SOC, dividends received from subsidiaries, joint ventures and associates are recognised as Revenue as this is considered activities in the ordinary course of business.

1.24 Cost of sales

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

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the Group's right to recover products from customers where customers exercise their right of return under the Group returns policy.

1.25 Translation of foreign currencies Foreign currency transactions

The Group’s Consolidated Annual Financial Statements are presented in South African rands, which is also the parent company’s functional currency. The Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Group Companies
On consolidation, the assets and liabilities of foreign operations are translated into South African rands at the rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair-value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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

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

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

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

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

1.26 Commitments

Commitments represents capital goods/services and loans/investments that have been approved and/or contracted for, but where delivery has not taken place at the reporting date. Items are classified as commitments where the Group has committed itself to future transactions.

1.27 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of key management of the reporting entity. The related parties mainly relate to JVs and associates. Disclosure for JVs and associates is provided in note 40.

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Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and JVs. The effect of these transactions is included in the financial performance and results of the Group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items.

The CEOs/equivalent for operating subsidiaries and the holding company have been identified as key management personnel for the Group.

1.28 Events after reporting period

Recognised amounts in the Consolidated Annual Financial Statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note disclosure.

Figures in Rand thousand	2024	2023 Restated *

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

3. CHANGES IN ACCOUNTING POLICY

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Revenue
During the year, the holding company (CEF SOC) changed its accounting policy with respect to the treatment of revenue. In order to conform with the treatment of IFRS15 .

CEF SOC's mandate is to manage its investments portfolio (including funds held on behalf of subsidiaries) and incubate new energy businesses. Furthermore, the CEF Act mandates the company to support the security of energy supply throughout the value chain comprising exploration, production and supply of coal, gas, liquid fuels, and other primary energy sources.

CEF SOC is an investment holding company that invests in companies trading within the energy securing environment. Therefore, the in the ordinary course of the business, CEF SOC is managing these investments by investing and offering financial assistance and receives revenue through interest and dividends. Since CEF SOC is a *schedule 2* company responsible for generating its own revenue through acquisitions and investing in new businesses.

The dividends received from these investments are then re-invested in money market (in an interest bearing account) which then generates interest income. Financial assistance is also given to companies within the group and interest income is earned on these instruments.

These funds are then used by CEF SOC to fund its daily operations therefore these activities are in line with the ordinary activities and mandate of CEF SOC. CEF SOC is then required to disclose its revenue in a manner that provides categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The table below is after eliminations:

*See Note 3

Profit or Loss

Revenue		
Previously reported	2,630	3,320
Adjustment: Reclassification from investment income	402,239	280,049
Adjustment: Reclassification from intertest paid to third parties	(6,967)	(4,952)
	397,902	**278,417**
Investment income		
Previously reported	402,670	286,465
Adjustment: Reclassification from intertest paid to third parties	-	(4,952)
Adjustment: reclassification to revenue	(402,239)	(280,049)
	431	**1,464**

4. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	261,147	-	261,147	267,111	-	267,111
Buildings	494,317	(131,968)	362,349	505,348	(134,812)	370,536
Plant and machinery	2,902,781	(674,664)	2,228,117	2,942,044	(628,583)	2,313,461
Furniture and fixtures	487,814	(438,712)	49,102	493,105	(427,908)	65,197
Motor vehicles	121,897	(104,740)	17,157	120,999	(98,110)	22,889
Office equipment	9,717	(6,472)	3,245	16,246	(12,591)	3,655
IT equipment	76,088	(56,750)	19,338	72,957	(52,775)	20,182
Production assets	43,886,403	(40,480,761)	3,405,642	42,815,374	(39,453,686)	3,361,688
Shutdown costs capitalised	71,190	(71,190)	-	71,190	(71,190)	-
Restoration costs	1,584,145	(1,572,856)	11,289	1,559,994	(1,559,994)	-
Mine infrastructure	336,658	(197,246)	139,412	344,943	(146,018)	198,925
Assets under development	156,454	-	156,454	151,423	(5,315)	146,108
Right if use - Buildings	229,866	(55,408)	174,458	229,571	(43,018)	186,553
Right of use - IT & Office equipment	2,109	(1,201)	908	1,129	(502)	627
Total	**50,620,586**	**(43,791,968)**	**6,828,618**	**49,591,434**	**(42,634,502)**	**6,956,932**

4. Property, plant and equipment (cont.)

Figures in Rand thousand — 2024 — 2023

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Foreign exchange movements	Change in estimates	Write-offs	Depreciation	Impairment loss	Total
Land	267,111	-	-	-	-	-	(5,964)	-	-	-	261,147
Buildings	370,536	3,021	-	2,223	-	-	(5,872)	(26)	(7,533)	-	362,349
Plant and machinery	2,313,461	-	-	-	-	-	(7,678)	(4,928)	(72,763)	-	2,228,092
Furniture and fixtures	65,197	3,369	(141)	-	-	-	(5)	-	(19,295)	-	49,125
Motor vehicles	22,889	2,186	-	-	-	-	(314)	-	(7,604)	-	17,157
Office equipment	3,654	1,848	(5)	-	-	-	-	-	(2,252)	-	3,245
IT equipment	20,182	7,483	(185)	-	-	-	4	-	(8,146)	-	19,338
Production assets	3,361,688	425,623	(3,920)	-	(11,314)	216,160	-	-	(582,595)	-	3,405,642
Restoration costs	-	-	-	-	-	(23)	12,796	-	(1,484)	-	11,289
Mine infrastructure	198,925	318	(24)	-	-	-	(8,401)	-	(51,406)	-	139,412
Assets under development	146,108	13,440	(279)	-	(2,223)	-	-	-	-	(592)	156,454
Right of use - buildings	186,553	725	-	-	-	-	-	-	(12,820)	-	174,458
Right of use - IT & Office equipment	627	980	-	-	-	-	-	-	(699)	-	908
	6,956,931	458,993	(4,554)	2,223	(13,537)	216,137	(15,434)	(4,954)	(766,597)	(592)	6,828,616

4. Property, plant and equipment (cont.)

Figures in Rand thousand	2024	2023

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers in	Classified as held for sale	Additions through business combinations	Foreign exchange movements	Changes in estimates	Write-offs	Depreciation	Impairment loss	Total
Land	75,633	-	-	-	820	190,658	-	-	-	-	-	267,111
Buildings	93,187	11,056	(29)	-	158,751	118,698	-	-	-	(11,127)	-	370,536
Plant and machinery	2,131,353	72,039	-	4,750	-	197,961	-	(22,848)	-	(69,795)	-	2,313,460
Furniture and fixtures	78,962	7,101	(70)	-	-	15	-	-	-	(20,811)	-	65,197
Motor vehicles	29,533	694	-	-	-	402	-	-	-	(7,117)	(623)	22,889
Office equipment	5,538	1,237	-	-	-	-	-	-	(2)	(3,119)	-	3,654
IT equipment	22,701	5,958	(201)	-	-	752	-	-	(48)	(8,980)	-	20,182
Production assets	2,856,320	376,999	(238)	1,071	-	-	601,077	-	-	(473,541)	-	3,361,688
Restoration costs	7,876	-	-	-	-	-	1,850	(9,914)	-	188	-	-
Mine Infrastructure	238,350	5,078	-	-	-	-	-	5,037	-	(49,540)	-	198,925
Assets under development	138,392	9,939	-	-	-	3,092	-	-	-	-	(5,315)	146,108
Right of use - Buildings	181,192	22,873	-	-	-	-	-	-	-	(17,511)	-	186,554
Right of use - IT equipment	951	-	-	-	-	-	-	-	-	(324)	-	627
	5,859,988	512,974	(538)	5,821	159,571	511,578	602,927	(27,725)	(50)	(661,677)	(5,938)	6,956,931

Figures in Rand thousand	2024	2023 Restated *

4. Property, plant and equipment (cont.)

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

During the current and prior financial year, the board and management appointed an expert to assess the decommissioning liability provision that has been provided for in the annual financial statements in line with IAS 37. According to the Expert `s assessment report new information became available which indicates a change in circumstances upon which the estimates of the decommissioning liability were initially formed. Consequently, the expected future obligations associated with the decommissioning liability were adjusted.

Tangible assets
The useful life of certain fixed assets have been re-estimated during the current financial year. The effect of this revision has increased the depreciation charges for the current and future periods by R3.3 million (2023: R2.5 million)

Additions through business combinations
Refer to note 11 on assets acquired through business combinations in the prior year.

Classified as held for sale
Refer to note 20 for more information on classified as held for sale.

Transfers in and out 2024
Transfers in buildings and out of assets under development (R2.5 million)There were no transfers during the current year

Transfers out of production assets of R10.2 million.

2023
Transfer in plant and machinery and out of Production assets of R4.75 million for SFF (correction between asset classes).
Transfers out of Production assets and in Exploration and evaluation assets (intangibles) of R644 000 for PetroSA.

AEMFC environmental rehabilitation
A regulatory assessment of the Financial Mine Closure Quantum as contemplated in terms of the Mineral and Petroleum Resources Development Act (Act 28 of 2002) conducted during the current year realised a financial provision of R79.6 million (2023: R81.3 million).

Compensation for impairment
Compensation received from insurer for damaged assets and assets stolen are included in other operating income and amounts to R24 000 (2023: R204 758).

Material projects included in assets under development
Included in assets under development is T Project, Vlakfontein Extension North Blocks and Kilppoortjie Mine Development which is in the development phase and standing at a cumulative cost of R112 million,R3 million and R22million (2023: R112 million, R3 million and R22 million) respectively.

SFF un-pumpable crude oil
1275 663 barrels of crude oil at the Saldanha terminal are defined as un-pumpable crude oil and has been classified as property, plant and equipment (classified as Plant & Machinery). These volumes are required to be maintained in order for the operation of the oil storage facilities and are being depreciated over the useful life of the tanks it is stored in.

Figures in Rand thousand	2024	2023 Restated *

4. PROPERTY, PLANT & EQUIPMENT

Restoration expenditure

Restoration expenditure relates to the decommissioning provision(note 25) and is amortised on a units of production basis. The units of production method is also used in calculating depreciation on producing assets. Due to the nature of the business, the gas and oil reserves at the end of each financial year differ from the previous year. This necessitates a change in the estimated remaining useful lives of these assets at the end of each financial year. The effect on the current year will be zero as there are no remaining reserves.

Impairment assessment - Oil and gas assets in South Africa

Oil and gas reserves are used in assessing oil and gas producing properties for impairment. A significant reduction in the oil and gas price and a downgrade of proved and probable reserves triggered an impairment review. When such indicators are identified, management must exercise further judgement in making an estimate of the recoverable amount (value in use) of the asset against which to compare the carrying value. In the prior years, all production assets formed one CGU in support of the GTL refinery. With cession of operations at the GTL refinery, production assets have been grouped in smaller CGUs for impairment purposes.

The outcome of the impairment review, based on the new CGUs, resulted in an impairment of RNil (2023: R5.3 million).

The decommissioning provision(refer to note 25) increased significantly, mostly due to an increase in the base cost of the provision offset by a reduction in costs due to the strengthening rand against the US$. This resulted in a change in estimate, and had a positive impact and increased the impairment charge by RNil million (2023: R5.3 million impairment).

This was determined by comparing the CGU's carrying value at year-end against the expected present value of the free cash flows (net present value) from this CGU, based on a fixed life of field approved by the Board of Directors. These cash flows are management's best estimate taking into account past experience and future economic assumptions, such as forward curves for crude oil, product prices and exchange rates and discounted using the WACC of 16.35% (2023: 17%). The impairment loss was recorded as part of operating expenses.

Impairment assessment- West Cape Three Points and Deepwater Tano blocks in Ghana

No impairment recognised in the current financial year (2023: RNil).This was determined by comparing the CGU's carrying value at year-end against the expected present value of the free cash flows (net present value) from this CGU, based on a fixed life of field per the reserves audit report. These cash flows are management's best estimate taking into account past experience and future economic assumptions, such as forward curves for crude oil, product prices and discounted using the WACC of 13.63% (2023: 16.35%).

The valuation assumptions are listed under key assumptions made by management in the accounting policies

Right of use assets and leased assets

Included in Plant and Machinery are finance lease assets related to PetroSA Ghana Limited (R850.3 million). In the current year the Group recognised additions to ROU assets which have been treated as a non-cash additions to PPE. Refer to note 24 for lease liabilities on leased assets.

5. GOODWILL

	2024			2023		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	26,814	-	26,814	26,814	-	26,814

Figures in Rand thousand	2024	2023 Restated *

5. Goodwill (cont.)

Reconciliation of goodwill - 2024

	Opening bal	Total
Goodwill	26,814	26,814

Reconciliation of goodwill - 2023

	Opening bal	Additions thr	Total
Goodwill	-	26,814	26,814

6. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	60,941	(56,159)	4,782	61,003	(55,835)	5,168
Computer software	102,296	(92,903)	9,393	101,730	(92,240)	9,490
Exploration and evaluation assets	1,607,407	(224,675)	1,382,732	1,501,340	(169,946)	1,331,394
Total	**1,770,644**	**(373,737)**	**1,396,907**	**1,664,073**	**(318,021)**	**1,346,052**

Reconciliation of Intangible Assets - 2024

	Opening balance	Additions	Foreign exch	Amortisation	Change in estimate	Impairment r	Total
Patents, trademarks and other rights	5,168	-	-	(385)	(1)	-	4,782
Computer software	9,490	4,067	-	(4,181)	17	-	9,393
Exploration and evaluation assets	1,331,394	65,314	12,031	-	-	(26,007)	1,382,732
	1,346,052	**69,381**	**12,031**	**(4,566)**	**16**	**(26,007)**	**1,396,907**

Reconciliation of Intangible Assets - 2023

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Foreign exchange movements	Amortisation	Impairment loss	Write-offs	Total
Patents, trademarks and other rights	2,794	-	2,728	-	-	-	(354)	-	-	5,168
Computer software	14,707	2,208	-	(129)	-	-	(6,503)	-	(793)	9,490
Exploration and evaluation assets	1,258,808	42,179	-	-	(643)	32,744	-	(1,694)	-	1,331,394
	1,276,309	**44,387**	**2,728**	**(129)**	**(643)**	**32,744**	**(6,857)**	**(1,694)**	**(793)**	**1,346,052**

Other information

Changes in estimates

The group reassesses the useful lives and residual values of intangible assets at the end of each reporting period, in line with the accounting policy and IAS 38 Intangible assets. The assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The impairment relates o West Coast exploration blocks, Block 2A and 2C that showed negative recoverable amounts of R2billion and R1.2billion respectively, computed from expected present value of free cash flows (net present value)at a WACC of 16.35% (2023: 16.35%) this resulting in impairment loss of R26 million (2023: R1.6 million).

Figures in Rand thousand	2024	2023 Restated *

6. INTANGIBLE ASSETS

Additions through business combinations
Refer to note 11 on assets acquired through business combinations.

Transfers in and out 2024
There were no transfers during the current year.

2023:
Transfers out of Production assets and in Exploration and evaluation assets (intangibles) of R644 000 for PetroSA.

7. INTERESTS IN SUBSIDIARIES

The following table lists the entities that are controlled directly/indirectly by the Group companies. The country of incorporation for all subsidiaries is the Republic of South Africa, except for PetroSA Europe BV, which was incorporated in the Netherlands and PetroSA Ghana Ltd, which was incorporated in British Virgin Islands.

Name of company	Held by	% holding 2024	% holding 2023
AEMFC SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
CCE Solutions SOC Ltd	CEF SOC Ltd	89.20 %	89.20 %
CEF Carbon (RF) SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
CEF Trading SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Cotec Development SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Cotec Patrade SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
ETA Energy SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Klippoortjie Koolmyne SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Mahne's Areas SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Oil Pollution Control SA (OPCSA) NPC	CEF SOC Ltd	100.00 %	100.00 %
PetroSA Brass SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Egypt SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Equatorial Guinea SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Europe BV	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Ghana Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Gryphon Marin Permit SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Iris SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Namibia SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Sudan SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Synfuels International SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Themis SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
SASDA NPC	CEF SOC Ltd	- %	100.00 %
South African Agency for Promotion of Petroleum and Exploitatior	CEF SOC Ltd	100.00 %	100.00 %
South African Gas DevelopmentCompany (iGAS) SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
South African National Energy Research Instituition SOC Limited	CEF SOC Ltd	- %	100.00 %
Strategic Fuel Fund Association (SFF) NPC	CEF SOC Ltd	100.00 %	100.00 %
Avedia Energy	SFF NPC	60.00 %	60.00 %
South African National Petroleum Company SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %

The voting rights are the same as the percentage holdings.

Figures in Rand thousand	2024	2023 Restated *

7. Interests in subsidiaries (cont.)

SASDA NPC was deregistered on 30 March 2023. SANERI was deregistered on 20 January 2024. SANPC was established on 04 May 2022 for the purpose of merging iGas, SFF and PetroSA and was omitted from the prior year disclosure.

Cabinet on 10th June 2020 announced the merger of iGas, PetroSA and SFF. As such the South African National Petroleum Company (SANPC) SOC Ltd was established and registered with CIPC. In order to advance and implement the merger process, the lease and assign master agreement was then developed with the 3 entities for certain assets to be transferred with negotiations.

Although the management of the various entities is committed to a plan to sell/transfer the assets to the SANPC, these have not been classified as held for sale since the key provisions of IFRS 5 have not been met. They are not yet available for immediate sale since as most of the conditions for the transfer/sale are yet to be fulfilled, including the cabinet approval of the SANPC Bill. Furthermore, its highly unlikely that the transfer/sale will materialize within the next 12 months due to the length of time that Bills have to go through and their processes in Parliament as well as consultations. As a result of the uncertainty mentioned above, it is difficult to confirm the likelihood of the plan being significantly changed or withdrawn. Therefore none of the assets and liabilities in the respective entities have been re-classified to non-current asset held for sale.

2023:
Avedia Energy (Pty) Ltd was acquired by SFF NPC for a consideration of R105 million during the year.

Reporting period
The end of the reporting period of PetroSA Ghana Ltd is 31 December. This is maintained in order to align with Ghanaian legal and regulatory requirements as well as JOA budget cycles. Adjustments are made to the financial results for all transactions and events in the intervening period.

The end of the reporting period of CEF Trading is 28 February. The change in year end to 31 March has been approved by the board and lodged with CIPC , however no approval from CIPC was received as yet.

The end of the reporting period for Avedia Energy is 28 February (2023: information presented was from date of acquisition to March 2023).

8. JOINT ARRANGEMENTS OPERATIONS

The following joint operations are material to the Group companies.

The joint operations are for gas exploration by PetroSA SOC Ltd. The country of incorporation is the same as the principle place of business for all joint operations. The Group's proportionate share in the assets and liabilities of unincorporated JVs, which are included in the financial statements are as follows:

Joint operation	Country of incorporation	% Ownership interest 2024	% Ownership interest 2023
Block 2A	Sunbird	24 %	24 %
Block 5/6/7	Anadarko	20 %	20 %

In accordance with the Group's accounting policy, the results of joint operations are accounted for on a line-by-line basis.

Figures in Rand thousand	2024	2023 Restated *

Joint ventures

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

Name of company	Held by	% ownership interest 2024	% ownership interest 2023
Montague Gardens Terminal (BP Cape Town Terminal)	SFF NPC	50.00 %	50.00 %
PAMDC (Pty) Ltd	AEMFC SOC Ltd	33.00 %	33.00 %

Montague Garden Terminals

This is a joint operation with BP South Africa for the Montague Gardens Terminal. The country of incorporation is South Africa and the percentage voting rights is equal to the percentage ownership for the joint operation being 50% each.

Pan African Mineral Development Company (Pty) Ltd

The governments of South Africa, Zimbabwe and Zambia created a structured entity, PAMDC (Pty) Ltd, to collaborate and develop mineral resources in the region as enshrined in the Southern African Development Community Mining Protocol, the plan of action for the Global Mining Initiative of the New Partnership for the Africa's Development and African Mining Partnership. PAMDC (Pty) Ltd is co-owned by the parties in equal proportions. The South African Government, through AEMFC SOC Ltd, is a co-share owner in PAMDC (Pty) Ltd.

The memorandum of agreement states that decisions on activities require the unanimous consent of all the parties. PAMDC (Pty) Ltd is a JV since the partners have rights to the net assets of PAMDC (Pty) Ltd and the memorandum gives the parties the rights to a share of the net outcome generated by the economic activity. The aggregated individually immaterial joint ventures accounted for using the equity method currently have a balance of zero.

Reporting period

The end of the reporting period of Montague Garden Terminals is 28 February. The reporting period is different from the Group reporting period as the investment is not controlled by the Group.

Unrecognised losses

PAMDC (Pty) Ltd

The Group has discontinued recognising its share of the losses of PAMDC (Pty) Ltd, as the investment at a Group level is held at RNil (2023: RNil) and the Group has no obligation for any losses of the JV. The total unrecognised losses for the current period amount to R0.4 million (2023: R0.5 million). The accumulated unrecognised losses amounted to R15.7 million (2023: R15.3 million).

9. INVESTMENTS IN ASSOCIATES

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

Name of company	Held by	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023
African Royalty Minerals (Pty) Ltd	AEMFC SOC Ltd	40.00 %	40.00 %	67,368	99,625
ACWA Power Solarreserve Redstone Solar Thermal	CEF Carbon (RF) SOC Ltd	25.00 %	25.00 %	168,969	150,751
Energy Joburg (Pty) Ltd	CEF SOC Ltd	29.00 %	29.00 %	3,197	5,631
Republic of Mozambique Pipeline Company (Pty) Ltd	iGAS SOC Ltd	40.00 %	40.00 %	3,194,057	3,173,781
				3,433,591	3,429,788

African Royalty Minerals (Pty) Ltd

AEMFC SOC Ltd holds a 40% shareholding in African Royalty Minerals (Pty) Ltd, which operates Chilwavhusiku Colliery, a coal mine operating in Mpumalanga. The associate's principal business is conducted in the Republic of South Africa. The financial year end for the entity is 28 February.

In the prior year, the investment was restated to non-current held for sale.

Figures in Rand thousand	2024	2023 Restated *

ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd
CEF Carbon SOC Ltd holds a 25% shareholding in ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd, which operates a 100 MW(net) Concentrated Solar Power (CSP) tower plant currently under construction. The current projection of Commercial Operation Date (COD) is expected to be December 2024 (2023: April 2024). The company is incorporated in South Africa. The financial year end of the entity is 31 December.

Energy Joburg (Pty) Ltd
CEF SOC Ltd holds a 29% shareholding in Energy Joburg (Pty) Ltd, which is a company that converts landfill gas to power. Energy Joburg (Pty) Ltd is incorporated in South Africa. The financial year end of the entity is 31 March.

Republic of Mozambique Pipeline Company (Pty) Ltd (ROMPCO)
iGas SOC Ltd holds 40% shareholding in ROMPCO, which operates a 865km high-pressure gas pipeline connecting the onshore gas fields in Pande and Temane, Mozambique to Sasol's operations in South Africa. The company is incorporated in South Africa. The financial year end of the entity is 30 June. In the prior year, an additional 15% was acquired during the year for R2.064 billion.

The percentage ownership interest is equal to the percentage voting rights in all cases. The country of incorporation is the same as the principle place of business.

Impairment testing was performed in respect of investments in associates at the end of the reporting date, and there were no indications of impairment except for African Royalty Minerals (Pty) Ltd as the mine has incurred recurring losses. The expected life of mine is anticipated to end in December 2025.

The ARM investment as at year end was equity accounted for at R67.4 million and the recoverable amount was estimated to be R45 million, therefore an impairment of R22.3 million has been recognised in profit and loss.

Material associates
The following associates are material to the company.

	Country of incorporation	Method	% Ownership interest 2024	% Ownership interest 2023
Republic of Mozambique Pipeline Company (Pty) Ltd	South Africa	Equity	40 %	40 %

Rompco (Pty) Ltd
Shares beneficially owned in the company, which is involved in the supply of gas from Mozambique to South Africa. The percentage voting rights is equal to the percentage ownership.

The summarised information presented below reflects the financial information of the associates (as at 31 March 2024/3). The year end of ROMPCO is 30 June.

Figures in Rand thousand	2024	2023 Restated *

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	ROMPCO (PTY) LTD	
	2024	2023
Revenue	3,558,100	2,961,928
Other income and expenses*	(719,273)	(518,984)
Profit before tax	2,838,827	2,442,944
Tax expense	(784,049)	(518,984)
Profit (loss) from continuing operations	2,054,778	1,923,960
Total comprehensive income	1,936,559	1,290,585
Dividends received from associate	920,000	790,400

Summarised Consolidated Statement of Financial Position	ROMPCO	
	2024	2023
Assets		
Non-current	3,313,103	3,816,458
Current (a)	2,138,107	1,418,828
Total assets	5,451,210	5,235,286
Liabilities		
Non-current (b)	682,241	767,037
Current (c)	257,951	7,920
Total liabilities	940,192	774,957
Total net assets	4,511,018	4,460,329

Reconciliation of net assets to equity accounted investments in associates	ROMPCO	
	2024	2023
Interest in associates at percentage ownership	3,194,057	3,173,781
Carrying value of investment in associate	3,194,057	3,173,781
Investment at beginning of period	3,173,781	1,065,909
Acquisitions	-	2,064,615
Share of profit	940,276	833,657
Dividends received from associate	(920,000)	(790,400)
Investment at end of period	3,194,057	3,173,781

The summarised information presented above reflects the financial information of the associates up to and as at 31 March 2024/3.

Included in this amounts are the following:

- Interest income of R138.5 million (2023: R63.1million)
- Depreciation and amortisation of R450.6 million (2023: R396.4 million)
- Interest expense of R7.8 million,(2023: R4.2million)
- Includes cash and cash equivalents of R738.3 million (2023: R973.1million);
- Includes non-current financial liabilities (excluding trade and other payables and provisions) of R592.8 million (2023: R674.6 million);
- Includes current financial liabilities (excluding trade and other payables and provisions) of R146.6 million (2023: R6.1 million).

Figures in Rand thousand	2024	2023 Restated *

Aggregated individually immaterial associates accounted for using the equity method

Carrying value of investments	242,743	256,007
Share of profit (loss) from continuing operations	(28,967)	(56,066)
Share of other comprehensive income	(22,858)	89,487
Share of total comprehensive income	(48,616)	(33,421)

Associates with different reporting dates
The end of the reporting year of CEF Group is 31 March. It was impracticable to obtain financial statements of the following associates as at 31 March 2024 because the CEF Group does not control the associates, however, the best available information was used.

African Royalty Minerals (Pty) Ltd
The financial year end for the entity is 28 February.

ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd
The year end of ACWA is 31 December.

Rompco (Pty) Ltd
The year end of ROMPCO is 30 June.

Associates pledged as security
iGas has pledged 27.79% of the shareholding in ROMPCO to Standard Bank of South Africa for the loan to acquire these shares, refer to Borrowings in note 22.

CEF Carbon (RF) has pledged the entire shareholding in ACWA to Development Bank of South Africa for the loan to acquire these shares, refer to Other financial liabilities in note 22.

10. LOANS TO GROUP COMPANIES

Associates		
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	688,381	554,191
Energy Joburg (Pty) Ltd	45,317	40,400
	733,698	**594,591**

ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd
The loan is unsecured, interest free until Commercial Operation Date (COD) which is expected to be in December 2024 (2023: April 2023) and has no fixed repayment terms.

Energy Joburg (RF) (Pty) Ltd
The loan attracts interest at prime. Interest shall be payable only when the principal amount is repaid. The loan is payable in full on the maturity date of 30 September 2026.

Split between non-current and current portions

Non-current assets	733,698	594,591

Exposure to credit risk
Loans receivable inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

Figures in Rand thousand	2024	2023 Restated *

10. Loans to group companies (cont.)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable:

2024

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to associates				
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	12m ECL	688,381	-	688,381
Energy Joburg (RF) (Pty) Ltd	12m ECL	45,317	-	45,317
		733,698	-	733,698

2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to associates				
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	Lifetime ECL	554,191	-	554,191
Energy Joburg (Pty) Ltd	12m ECL	40,400	-	40,400
		594,591	-	594,591

Fair value of group loans receivable

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

11. BUSINESS COMBINATIONS

Montague Garden Terminals

The company acquired a 50% undivided share in the assets of BPSA - Montague Gardens Terminal. SFF and BPSA entered into a sale of property agreement and a co-ownership and operation agreement. Consideration of R300m was paid on the 12th August 2022 which denoted the completion of the sale. The transfer of 50% undivided interest in the property being registered in the name of the company (in accordance with the sale of property agreement) was concluded on the 19th October 2022 which is the date that the company obtained joint control.

Fair value of assets acquired and liabilities assumed

	2024	2023 Restated *
Property, plant and equipment	-	379,080
Provisions	-	(63,744)
Total identifiable net assets	-	315,336
Gain on a bargain purchase in a business combination	-	(15,336)
	-	300,000

Acquisition date fair value of consideration paid

	2024	2023 Restated *
Cash	-	(300,000)

11. Business Combinations

Acquisition related costs
The acquisition related costs amounted to R 202,000. These costs have been expensed in the year of acquisition and are included in operating expenses in comprehensive income.

Transactions separate to the business combination

Revenue and profit or loss of Montague Garden Terminals
Revenue of RR43 million (2023: R12 million) and profit of R10.4 million (R0.4 million) has been included in the group results since the date of acquisition.

Depreciation on property, plant and equipment acquired at acquisition date of 19 October 2022 was depreciated over the period 19 October 2022 to March 2023. Depreciation on un-pumpable stock was taken into consideration for the period November 2022 to March 2023.

Avedia Energy (Pty) Ltd
On Friday, 20 January 2023 the group acquired 60% of the voting equity interest of ordinary shares which resulted in the group obtaining control over Avedia Energy.

Avedia Energy (Pty) Ltd ("Avedia") is a private company registered under the company incorporation laws of South Africa and it owns and operate a 2000 tons LPG storage facility ("terminal") in Saldanha Bay, Western Cape. This terminal was commissioned in 2017, has an on-site bottling plant and a bulk tanker handling gantry.

SFF is ideally located in the Port of Saldanha, was recently licensed in September2021 to handle cargoes of LPG for the next 25-years by the National Ports Authority, and has more than 42 years of storage and handling operational experience. The investment in LPG will also enable SFF to partner with PetroSA to form a rail logistics supply channel from Saldanha Bay to MosselBay, using the currently unutilized refinery on-site LPG storage tanks, to finally capture the South Western Cape LPG market that PetroSA lost when the refinery was shut-down in 2020. The transaction will therefore create value for three state owned entities; namely SFF, PetroSA and Transnet Rail. Additionally we acquired Avedia Energy to also generate additional revenues that are predictable and independent of the volatile crude oil prices.

Goodwill of R22.9 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductib

Fair value of assets acquired and liabilities assumed

Property, plant and equipment	-	126,140
Intangible assets	-	2,729
Inventories	-	65
Trade and other receivables	-	83,159
Cash and cash equivalents	-	26
Trade and other payables	-	(34,107)
Loans payable	-	(2,154)
Lease liabilities	-	(184)
Provisions	-	(6,634)
Hentiq loan	-	(33,950)
Deffered tax	-	(824)
Total identifiable net assets	-	134,266
Non-controlling interest	-	(52,124)
Goodwill	-	22,858
	-	**105,000**

11. Business Combinations (cont.)

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

Acquisition date fair value of consideration paid

Cash	-	(85,000)
Deferred consideration	-	(20,000)
	-	**(105,000)**

Contingent consideration arrangements

The subscription Agreement requires the group to pay the previous owners of Avedia Energy. an amount R20 million which is depending on the condition of the LPG storage tanks. The group is required to appoint the Approved Inspection Authority ("AIA") to conduct and complete a technical due diligence ("Technical Due Diligence") and issue a final inspection report in respect of the condition of the gas storage tanks located at the Avedia Energy's Saldanha Bay.

Receivables acquired

Receivables acquired per major class are as follows, as at acquisition date:

	2023
	Gross contractual amounts
Trade and other receivables	83,159

Acquisition related costs

The acquisition related costs amounted to R6,900,000. These costs have been expensed in the year of acquisition and are included in operating expenses in comprehensive income.

12. OTHER FINANCIAL ASSETS

Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:

12. Other Financial Assets (cont.)

Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:

Figures in Rand thousand	2024	2023 Restated *
Ghana National Petroleum Corporation (GNPC) The loan for TEN Development capital expenditure bears interest at SOFR, plus a margin percentage of 1.5% per annum, and the loan for TEN Development gas export pipeline expenditure bears interest at 15% per annum. There is currently no signed agreement in place between the GNPC and the JV partners on repayment terms, but repayment proposals are currently being considered and evaluated by the JV partners.	118,907	94,339
Darling Wind Power (Pty) Ltd Darling Wind Power Loan of R0.5 million was impaired in the prior years. The loan is interest free and has no fixed terms of repayment.	-	-
Companhia Moçambicana de Gasoduto - Loan A The loan is charged at 3 months JIBAR rate per annum and has no fxied terms of repayment. Cost recoveries for an amount of R2.6 million (2023: R19.6 million) have been capitalised to this loan. Since initial recognition, the total cost recoveries capitalised was R22.3 million.	727,725	645,577
Companhia Moçambicana de Gasoduto - Loan B The loan is charged at 3 months JIBAR rate plus 3.5% per annum and is repayable based on the dividends received from ROMPCO and is expected to be fully settled by 31 March 2028. This loan is based on the Standard Bank loan that is disclosed in note 22. Lender costs of R28.7 million have been captialised to this loan. The current poriton of this loan is R226.5 million.	1,210,005	1,361,238
Insurance guarantee - AEMFC The guaranteed amount is in respect of the rehabilitation of land at Vlakfontein mine at the close of the mine, Klippoortjie and T Projects which are in the development phase. The insurer undertakes to pay R72.2 million, R42.9 million and R16.5 million (2023: R61.5 million, R42.9 million and R16.5 million respectively) towards Vlakfontein Central, Northern and Southern block rehabilitation respectively. R16.7 million and R42.9 million is the rehabilitation guarantee for the mining rights of Klippoortjie Mine and T Projects respectively. The cash is restricted for use.	103,726	96,584
BNP Paribas Multi Asset Diversified 5 This is a 5 year multi asset financial instrument which accrue interest from the capital portion and fair valued annually. The current portion of the investment is valued at R78.5 million.	275,784	-
	2,436,147	**2,197,738**

Split between non-current and current portions

	2024	2023
Non-current assets	2,131,142	2,048,990
Current assets	305,005	148,748
	2,436,147	**2,197,738**

Other financial assets inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

12. Other Financial Assets

Figures in Rand thousand	2024	2023

12. Other financial assets (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for other financial assets by credit rating grade:

2024

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Ghana National Petroleum Corporation (GNPC)	12m ECL	118,907	-	118,907
Darling Wind Power (Pty) Ltd	Lifetime ECL	502	(502)	-
Companhia Moçambicana de Gasoduto	12m ECL	727,725	-	727,725
Companhia Moçambicana de Gasoduto	12m ECL	1,210,005	-	1,210,005
Insurance Guarantee - AEMFC	12m ECL	103,726	-	103,726
BNP Paribas Multi Asset Diversified 5	12m ECL	275,784	-	275,784
		2,436,649	**(502)**	**2,436,147**

2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Ghana National Petroleum Corporation (GNPC)	12m ECL	94,339	-	94,339
Darling Wind Power (Pty) Ltd	Lifetime ECL	502	(502)	-
	12m ECL	645,577	-	645,577
Loans receivable 4	12m ECL	1,361,238	-	1,361,238
Insurance guarantee - AEMFC	12m ECL	96,584	-	96,584
		2,198,240	**(502)**	**2,197,738**

Fair value of other financial assets

The fair value of other financial assets approximates their carrying amounts.

13. INVESTMENT AT FAIR VALUE

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2024	2023 Restated *
13. Investments at fair value		
Investments held by the company which are measured at fair value, are as follows:		
Mandatorily at fair value through profit or loss:		
Listed shares 2 164 Sanlam Limited shares valued at R69.31 (2023: R56.37)	150	122
Methcap SPV1 (Pty) Ltd 19% shareholding Methcap's main raw material is derived from the the PetroSA SOC Ltd's Plant and PetroSA SOC Ltd cancelled the agreement due to technical insolvency at PetroSA SOC Ltd. The investment of R1.475 million was fully impaired in the prior financial years. In the current year the investment was derecognised as at the company has been deregistered.	-	-
	150	**122**

Fair value information

Refer to note 46 Fair value information for details of valuation policies and processes.

14. DEFERRED TAX

Figures in Rand thousand	2024	2023 Restated *
Deferred tax liability		
Property plant and equipment	(982,827)	(1,128,820)
Prepayments	(2,522)	(558)
Underlift	3,528	(17,330)
Fair value of investment	(2,315)	-
Total deferred tax liability	**(984,136)**	**(1,146,708)**
Deferred tax asset		
Provisions	111,774	99,732
Lease Liabilities	297,204	314,419
Deferred tax balance from temporary differences other than unused tax losses	408,978	414,151
Tax losses avail for set off against future tax in	8,037	24,274
Tax losses avail for set off against future tax income	417,015	438,425
Total deferred tax asset	**417,015**	**438,425**
Deferred tax liability	(984,136)	(1,146,708)
Deferred tax asset	417,015	438,425
Total net deferred tax asset/liability	**(567,121)**	**(708,283)**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(708,283)	(618,309)
Increases (decrease) in tax loss available for set off against future taxable income	(16,237)	15,440
Increases (decrease) in valuation allowance of provisions and accruals	3,254	5,810
Taxable / (deductible) temporary difference movement on tangible fixed assets	154,780	(133,776)
Taxable / (deductible) temporary difference RoU	-	(8,319)
Taxable / (deductible) temporary difference on pre-payments	(1,964)	(412)
Taxable / (deductible) temporary difference on lease liabilities	(17,214)	37,937
Taxable / (deductible) temporary difference on underlift	20,859	(4,788)
Taxable / (deductible) temporary difference on operating lease accrual	(2,315)	(1,866)
	(567,120)	**(708,283)**

14. Deferred tax (cont.)

Recognition of deferred tax asset

SFF NPC is exempt from normal tax under section 10(1)(a) of the Income Tax Act 58 of 1962.

PetroSA is an oil and gas company as defined in the Tenth Schedule to the Income Tax Act. As an oil and gas company, PetroSA qualifies for additional tax deductions in respect of its capital expenditure on exploration and production activities. This assessed loss position is directly attributable to PetroSA's oil and gas activities.

As it is unlikely that the assessed loss for PetroSA will be utilised in the foreseeable future, no deferred tax asset has been recognised. The current unrecognised deferred tax asset is R10.58 billion (2023: R10.2 billion). The unused estimated/assessed tax loss at year-end is R29.96 billion (2023: R28.2 billion). The unused tax credit of R1.5 million expired on 31 March 2024 and the R6.6 million expires between 31 March 2026 and 31 March 2031.

ETA has accumulated an assessed loss/ estimated assessed loss of R19.3 million (2023: R19.2 million). The deferred tax asset has not been recognised as management is of the opinion that the company will not generate sufficient taxable income that will be utilised against deductible differences.

14. Deferred Tax (cont.)

Unrecognised deferred tax asset

Deductible temporary differences not recognised as deferred tax assets	10,580,000	10,200,000

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/ financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of is used. If the expected manner of recovery is through indefinite use the normal tax rate of is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

15. PREPAYMENTS

Prepayments relates mainly to the annual subscriptions, licence fees, membership fees, advances and insurance of the group's onshore and offshore assets, The premium is paid in advance for the following 12 months.

Prepayment	259,401	82,057
Non-current assets	104	207
Current assets	259,297	81,850
	259,401	**82,057**

16. STRATEGIC STOCK

These inventories are being held in accordance with Ministerial Directives as prescribed by the Former Minister of Energy.

Strategic crude oil is measured at the lower of cost and net realisable value.

For financial years 2021 and earlier, the carrying amount of these inventories were expected to be realised past 12 months after the reporting date, thus it is included in non-current assets.

On the 31 March 2022, the Ministers of Finance and Mineral Resources and Energy issued a statement indicating that the revenue foregone due to the reduction of the levies on petrol and diesel granted to South African consumers would be recouped through the sale of strategic crude oil reserves held by the Strategic Fuel Fund and that the sale would be required to raise about R6 billion. As a result, crude oil reserves held in Saldanha are recognised as current assets.

Diesel
An amount of R1.074 billion was spent to purchase the 155 million litres of diesel white product (D500) that was injected into the New National Multi-Products Pipeline by the company during the 2011/2012financial year. Based on market conditions, the resultant effect of this conversion is a change in volume (volume held as at 31 March 2024 and 2023 is 153 410 000 litres).

The Net Realisable Value (NRV) was R2.092 billion (2023: R1.835 billion) and thus this inventory is carried at the lower of Cost (R1.074 billion) than NRV (R2.092 billion).

Crude Oil
The judgement of the Western Cape High Court that was delivered on the 20th of November2020 declared the sale of Strategic Stock in 2015 and 2016 to be invalid and thus the Strategic Stock was re-instated into the Statement of Financial Position during the 2019/20 financial year.

Figures in Rand thousand	2024	2023 Restated *

16. Strategic Stock (cont.)

Strategic stock volumes of approximately 955,066 (2023:1,228,319 barrels),reducing the approximate 10 million barrels of crude normally held in Saldanha. The remaining 6,471,723 barrels (2023: 7,466,789barrels) are accounted for as inventory in the context of International Accounting Standards 2 (IAS 2) and the balance of 1,275,663 barrels is accounted for under IAS 16 as Property, Plant and Equipment (refer to note 4). Cost is determined on a weighted average basis which is R201.34 against a Net Realisable Value of R1 599.02 (2023: R1 348.62).

21 502 (2023: 20 155) barrels of crude oil at the Milnerton terminal are carried at weighted average cost price of R4,329,213 (2023: R4,329,213). Cost is determined on a weighted average basis which is R201.34 against a Net Realisable Value of R1 599.02 (2023: R1 348.62).

Values of products held:		
Crude Oil	1,307,454	1,507,672
Diesel	1,073,804	1,073,804
	2,381,258	**2,581,476**
Non-current		
Crude Oil	602,762	532,674
Diesel	1,073,804	1,073,804
	1,676,566	**1,606,478**
Current		
Crude Oil	704,690	974,998
Right to receive Oil		
Right to recive Oil	479,705	404,585
Impairment of right to receive Oil	(479,705)	(404,585)
	-	-

This relates to the right for the return of 300 000 barrels of crude oil to the company. It is measured at the fair value of the crude oil, being the spot price of oil at each reporting date. The right to receive has also been impaired to zero at the end of each reporting date.

17. INVENTORIES

17. Inventories

Petroleum fuels	2,015,733	882,960
Crude oil	46,448	38,670
Consumable stores, spares and catalysts	39,966	109,208
Run of mine stock (ROM)	67,066	40,647
Crushed coal	14,723	15,943
	2,183,936	1,087,428
Inventories (write-downs)	(33,076)	(99,543)
	2,150,860	**987,885**

The ROM stock is the coal directly extracted from the pit. This is either sold to external customers or crushed according to customer specification and converted to crushed coal. Inventory is measured at the lower of cost and net realisable value. An inventory reversal of R66.5 million was recorded due.

Figures in Rand thousand	2024	2023 Restated *

18. TRADE & OTHER RECEIVABLES

Inventory pledged as security

None of the company's inventory balances are pledged as security.

18. Trade and other receivables

Financial instruments:		
Trade receivables	2,106,772	3,273,895
Loss allowance	(299,713)	(233,951)
Trade receivables at amortised cost	1,807,059	3,039,944
Deposits	113,616	14,581
Underlift	19,986	49,513
Payroll receivable	3,872	4,053
Interest receivable	82,394	65,495
Sundry debtors	55,958	31,255
Non-financial instruments:		
VAT	61,336	30,592
Statutory receivables (tax and levies)	315,052	420,598
Total trade and other receivables	**2,459,273**	**3,656,031**

Split between non-current and current portions

Non-current assets	18,946	14,356
Current assets	2,440,327	3,641,675
	2,459,273	**3,656,031**

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2,083,069	3,204,841
Non-financial instruments	376,388	451,190
	2,459,457	**3,656,031**

Trade and other receivables pledged as security Exposure to credit risk

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

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

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

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

Figures in Rand thousand	2024	2023 Restated *

18. Trade & Other Receivables (cont.)

Expected credit loss rate:	2024 Estimated gross carrying amount at default	2024 Loss allowance (Lifetime expected credit loss)	2023 Estimated gross carrying amount at default	2023 Loss allowance (Lifetime expected credit loss)
Not past due	1,219,075	(1,990)	2,947,703	(5,102)
Less than 30 days past due	101,702	(4,460)	130,214	(693)
31 - 60 days past due	11,991	(1,087)	4,657	(742)
61 - 90 days past due	1,269	(144)	9,168	(508)
91 - 120 days past due	191,767	(164,953)	33,580	(156,183)
More than 120 days past due	422,825	(118,775)	109,879	(62,495)
Other receivables	158,143	(8,304)	38,694	(8,228)
Total	**2,106,772**	**(299,713)**	**3,273,895**	**(233,951)**

Exposure to currency risk

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

Fair value of trade and other receivables

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

18. CASH & CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash and cash equivalents consist of:	2024	2023
Cash on hand	49	53
Bank balances	699,577	237,340
Short-term deposits	14,316,325	12,949,104
Other cash and cash equivalents	9,159	4,225
	15,025,110	**13,190,722**
Cash and cash equivalents held by the entity that are not available for use by the group.	-	-
Restricted cash not available for use by the Group		
SFF cash relating to strategic stock	1,103,990	1,689,187
PetroSA cash held by CEF for guarantees	486,585	486,585
PetroSA rehabilitation ring-fenced funds	2,772,951	2,519,467
PASA deposits held in a trust	2,585	2,542
AEMFC bank guarantee	9,159	4,225

Included in the short-term deposits are US$ investments to the value of R1.104 billion (2023: R1.689 billion), which relate to the proceeds from the sale of strategic stock in December 2015. On the 20th of November 2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that SFF and CEF should repay all proceeds received. Refer to contingencies in note 40.

CEF SOC Ltd is holding a cash collateral of R486.585 million (2023: R486.585 million) for PetroSA for guarantees issued on behalf of PetroSA. Refer to contingencies in note 40.

PetroSA is holding cash of R2.77 billion (2023: R2.5 billion) to fund the rehabilitation provision refer to provisions, note 25.

PASA has deposits held in a trust of R2.6 million (2023: R2.5 million) relates to cash deposits received from operators and licencees in terms of issued rights and permits.

Figures in Rand thousand	2024	2023 Restated *

19. Cash & Cash Equivalents

These deposits can only be paid back to the holder on relinquishment of the rights in terms of Section 43 of the MPRDA and on granting of a closure certificate by the Minister.

AEMFC has entered into bank guarantees related to its future performance which are in the normal course of business which amount to R9.2 million (2023: R4.2 million).

The carrying amount of cash and cash equivalents approximates the fair value due to the short-term nature of the instruments.

Credit quality of cash at bank and short term deposits, excluding cash on hand
The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Restricted cash in PetroSA Rehabilitation NPC was assessed for credit impairment based on a credit risk model. This credit risk model is an intuitive and robust default prediction model that provides a view of a counterparty's credit condition and financial health by analysing a wide array of accounting ratios which includes, but is not limited to, profitability, liquidity and leverage. The expected credit loss decreased by R10 million(2023: increased by R29 million).The South African government guaranteed a portion of the Land Bank investment resulting in their default probability increased from 10.89% to 12%. The expected credit loss at the end of the period was R51 million(2023: R61 million).

The Land and Agricultural Development Bank of South Africa continues to actively manage the effects of the default that was announced in 2020 through their lawyers. PetroSA Rehabilitation NPC (Non-Profit company) currently has a R410.4 million fixed capital investment with the Land & Agricultural Bank of South Africa SOC Limited(Land Bank). On the 7th June 2023 Land Bank made another voluntary repayment to the lenders and PetroSA Rehab received 24.98% (R136.6 million) of the then R547milion capital amount. Land Bank defaulted on certain of its debt obligations triggering cross defaults within its other debt issuances. This has forced Land Bank to restructure its debt book to ensure that it is able to satisfy its debt obligations. Meetings are held weekly with investors that are affected by the default.

The agreement between Land bank and the lenders was that the outstanding Capital and Interest will be re- invested as one capital amount in an overnight Investment which earns a competitive interest rate called Mora.

Land Bank's maturity date is still undernegotiation between all investors, but it is expectedto be no sooner than 2026.
Thus the Land Bank maturity date and default probability is reflective of a 5 year investment horizon

Based on market forecasts, funds will continueto be invested into floating money market instruments. It is unlikelythat funds will be placed in any fixed deposit instruments at this time.

Other restricted cash and cash equivalents		
Cash held on behalf of third parties (Upstream Training Trust and DWP)	82,110	80,199
PetroSA restricted cash	10,000	10,000
	92,110	**90,199**

Exposure to currency risk
Refer to note 44 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

Figures in Rand thousand	2024	2023 Restated *

20. DISCOUNTED OPERATIONS & NON-CURRENT ASSETS HELD FOR SALE

2024:

Avedia Energy entered into a share subscription agreement with SFF during business rescue period which resulted in SFF acquiring 60% of the equity. That agreement resulted in Avedia Energy agreeing to dispose of its downstream & upstream activities leaving only the storage business. The sales price is R1 paid by the Trust and classified as other current liabilities. The assets have been impaired as its carrying value exceeded R1. All income and expenses relating to this business unit have been included in the Statement of Profit or Loss and Other Comprehensive Income.

2023:

PetroSA

The board resolved on the 9th December 2022 to rescind the approval for the disposal of Parow office, cancellation and closure of the tender for the disposal of the Parow Office as concurrence with the holding company could not be reached, with a view to optimise the Parow offices as a means of revenue generation.

	2024	2023 Restated *
Profit and loss		
Revenue	3,521	-
Expenses	(2,880)	-
	641	-
Assets and liabilities		
Assets of disposal groups		
Property, plant and equipment	18,859	-
Intangible assets	2	-
Trade and other receivables	184	-
	19,045	-
Liabilities of disposal groups		
Other liabilities (Net)	6,180	-

21. FOREIGN CURRENCY TRANSLATION RESERVE

21. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

	2024	2023 Restated *
Arising from consolidation of foreign subsidiaries	1,471,714	1,330,768

Figures in Rand thousand	2024	2023 Restated *

22. OTHER FINANCIAL LIABILITIES

Held at amortised cost		
Standard Bank of South Africa (SBSA) The loan is charged at 3 months JIBAR rate plus 3.5% per annum and is repayable based on the dividends received from ROMPCO and is expected to be fully settled by 31 December 2027. iGas has pledged 27.79% of the shareholding in ROMPCO to Standard Bank of South Africa for this loan to acquire these shares.	2,210,817	2,638,497
Development Bank of South Africa The loan is charged at 6 months JIBAR rate plus 5.3% per annum and is expected to be repayable on Commercial Operation Date in December 2024 (2023: April 2024). CEF Carbon has pledged 25% (all) of its the shareholding in ACWA to Development Bank of South Africa for this loan to acquire these shares.	392,219	170,972
Upstream Training Trust (UTT) These are funds held and invested in call accounts on behalf of the Upstream training trust that is managed by Petroleum Agency South Africa (PASA). Funds are interest bearing at average market rates (bank rates) of 8.73% (2023: 7.93%).	81,384	79,532
Darling Wind Power (Pty) Ltd These funds are cash on call reserves managed by CEF on behalf of DWP, a company that ceased to be an associate of CEF. Funds are interest bearing at average market rates (bank rates) of 8.73% (2023: 7.93%).	726	667
Post-Commencement Finance Funders (PCF) This relates to PCF secured by the business rescue practitioner of Avedia Energy (Pty) Ltd in accordance with Chapter 6 of the Companies Act. The company will continue to settle these loans in the ordinary course of the business in the forseeable future.	-	1,165
	2,685,146	**2,890,833**

Split between non-current and current portions

Non-current liabilities	2,116,369	2,511,946
Current liabilities	568,777	378,887
	2,685,146	**2,890,833**

Figures in Rand thousand	2024	2023 Restated *

23. RETIREMENT BENEFITS

Defined benefit plan

Post-employment medical aid scheme
Two subsidiaries of the Group, SFF and PetroSA, have a post-retirement medical scheme in place that is governed by the Medical Aid Schemes Act of 1998. The post-employment medical arrangement provides health benefits to retired employees and certain dependents. The benefit was applicable and on offer only to employees in the service of the affected Group companies before the changes to the new current benefit policy.

PetroSA
The obligation is partially funded and was valued using the 'projected unit credit method'. The group has provided for an amount of R226 million of which R71 million was funded (2023: R220.7 million of which R74.7 million was funded). The commitment is actuarially valued annually, with the most recent valuation performed as at 31 March 2024.

The post-employment medical arrangement provides health benefits to retired employees and certain dependents. The benefit was applicable and on offer only to employees in the service of PetroSA before 1 May 2012.

During the 2013 financial year, PetroSA funded a portion of the post-retirement medical liability through the purchase of a company-funded annuity policy. As this annuity policy is CPI linked, the company is exposed to revaluation risks if medical inflation is higher than the CPI increases granted. The current value of the annuity policy is R71 million (2023: R75 million).

The net defined benefit obligation in respect of promised post-retirement medical scheme costs as at 31 March 2024 is R155 million (2023: R146 million). The obligation is partially funded and was valued using the "projected unit credit method".

SFF
The obligation is not funded. The plan is a post employment medical benefit plan. The company contributes to a medical scheme for retired employees and their dependants. The promised rates are 100% in respect of all active employees and 100% or 70% for the continuation members. An actuarial valuation was conducted by 3One Consulting Actuaries as at 31 March 2024 based on the Projected Unit Credit valuation method, as prescribed by IAS 19.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Carrying value

	2024	2023
Present value of the defined benefit obligation-wholly unfunded	(77,517)	(80,240)
Present value of the defined benefit obligation-partially or wholly funded	(225,637)	(220,739)
Fair value of plan assets	70,832	74,726
	(232,322)	**(226,253)**
Non-current liabilities	(226,135)	(220,488)
Current liabilities	(6,187)	(5,765)
	(232,322)	**(226,253)**

The fair value of plan assets includes:

Movements for the year

	2024	2023
Opening balance	226,253	217,259
Current year service costs	4,714	5,506
Net benefit payments	(13,580)	(16,913)
Net interest returns (costs)	17,308	23,301
Net actuarial gains and (losses)	(2,373)	(2,900)
	232,322	**226,253**

Figures in Rand thousand	2024	2023 Restated *

23. Retirement Benefits (cont.)

Key assumptions used

Assumptions used on last valuation on Thursday, 28 March 2024.

PetroSA		
Discount rates used	13.41 %	11.97 %
Expected rate of return on assets	8.86 %	7.78 %
SFF		
Discount rates used	13.59 %	12.12 %
Expected rate of return on assets	9.48 %	8.62 %

PetroSA
A 1% or 1 year-downward rating change in assumptions will increase or (decrease) the net obligation as follows:

- Discount rate - R28.4 million and (R23.3 million) respectively (2023: R30.1 million and (R24.3 million) respectively)
- Mortality rate - (R5.5 million) and R5.5 million respectively (2023: (R5.6 million) and R5.6 million respectively)
- Health care cost inflation - R32.0 million and (R26.2 million) respectively (2023: R31.0 million and (R23.0 million) respectively)

A 1% or 1 year-downward rating change in assumptions will increase or (decrease) combined interest and service cost as
follows:

- Discount rate - R2.29 million and (R1.92 million) respectively (2023: R2.18 million and (R1.18 million) respectively)
- Mortality rate - R0.87 million and (R0.88 million) respectively (2023: R0.78 million and (R0.79 million) respectively)
- Health care cost inflation - R4.94 million and (R4.04 million) respectively (2023: R4.77 million and (R5.41 million) respectively)

The plan asset is unquoted and is a policy of insurance. Therefore the split of the underlying investments is not readily available, and is most likely to be predominantly invested in CPI-linked bonds.

Defined contribution plan PetroSA Retirement Fund
It is the policy of the group to provide retirement benefits by Alexandra Forbes, for the benefit of employees. All employees who commenced employment after 1 April 1996 qualify for membership of this fund. The amount recognised as an expense during the year under review was R71.2 million (2023: R65.6 million) for the retirement fund.

SFF
Discount rate assumption
IAS 19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled. IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds are not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 13.59% (2023: 12.12%) per annum has been used. The corresponding index-linked yield at this term is 5.2% (2023: 4.67%). These rates were deduced from the zero-coupon South African government bond yield curves to set the financial assumptions used to project future employer benefit payments at 31 March 2024. The nominal yield curve is regarded as an estimate of the investment return that can be achieved from investing in risk free assets, and is therefore used to set the discount rate.

Figures in Rand thousand	2024	2023 Restated *

23. Retirement Benefits (cont.)

The real yield curve is the investment return that can be achieved in excess of CPI on risk-free assets. The difference between the nominal yields and real yields is therefore an estimate of future CPI. The discounted mean term of the accrued liability was approximately 10.5 years.

Health care cost inflation rate
The assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective. A health care cost inflation rate of 9.48%(2023: 8.62%) has been assumed. This is 1.5% in excess of expected CPI inflation over the expected term of the liability, namely 7.98% (2023: 7.12%).A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.75% (2023: 3.22%). The expected inflation assumption of 7.98% (2023: 7.12%) was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities of 5.2% (2023: 4.67%) and those of fixed interest bonds of 13.59% (2023: 12.12%). Medical scheme contribution increases have generally exceeded CPI in recent years. This is expected to continue into the future. The long-term healthcare cost inflation is therefore assumed to exceed CPI by 1.5%.

Demographic valuation assumptions
Mortality during employment
SA85-90 ultimate table, adjusted for female lives (with a 3-year age reduction).

Post-employment mortality
PA(90) ultimate table, adjusted down by 1 year of age and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year and in the year after.

Continuation of membership
It has been assumed that 100% of in-service members will remain on the company's health care arrangement should they stay until retirement, and that 90% of employees will be married at NRA.

Average retirement age
The normal retirement age of employees is 6 (2023: 65). It has been assumed that in-service members will retire at age 64 on average, which then implicitly allows for expected rates of ill-health and early retirement. Females have been assumed to be 3 years younger than their male spouses for all eligible members.

Withdrawal from service
The table below shows the annual resignation and retirement rates assumed in the valuation

Age band	Resignations	Retirements
35-39	8%	0%
40-44	6%	0%
45-49	4%	0%
50-54	3%	0%
55-63	0%	0%
64+	0%	100%

Figures in Rand thousand	2024	2023 Restated *

23. Retirement & Benefits (cont.)

1. The financial assumptions have been adjusted to reflect recent market conditions. This has caused an increase in the real discount rate from 3.22% to 3.75%, resulting in a decrease in the accrued liability of R4,236,000 (2023: R2,335,000).

2. Discovery contributions increased by 9.33% (2023: 7.9% (as expected) in October 2022, and have not increased from 2022 to 2023 for the first three months of the year. The actual average increase in contributions since April 2022, including the Discovery April 2023 increases was 9.46%). This is above the 8.62% (2023: 6.98%) expected increase used in the previous valuation, resulting in an decrease in the total accrued liability of approximately R536,000 (2023: R1,852,000).

3. The actual membership changes relative to that expected resulted in an increase in the liability of R3,158,000 (2023: R3,665,000).

Family profile
It has been assumed that female spouses will be 3 years younger than their male counterparts. Furthermore, we have assumed that 90% of eligible in-service members on a health care arrangement at retirement will have a susidised spouse dependent. For current retiree members, actual subsidised spouse dependents were used and the potential for remarriage was ignored.

Medical scheme option
It has been assumed that continuation members will remain on the same medical scheme and option. In-service members were assumed to remain on the same medical scheme and option, should they continue to receive the subsidy after retirement.

Plan assets
There are no long-term assets set aside off the statement of financial position in respect of the post employment health care liability.

Other assumptions
It was assumed that the company's health care arrangements and subsidy policy would remain as previous. Furthermore, it was assumed that the level of benefits receivable and contributions payable would remain unchanged with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable and will continue.

Sensitivity Analysis
The liability at valuation date was recalculated to show the effect of:

- 1% increase and decrease in the assumed rate of health care cost inflation;
- 1% increase and decrease in the discount rate;
- 1 year age increase and decrease in the assumed rates of post-employment mortality;
- 1 year decrease in the assumed average retirement age; and
- A decrease of 10% in the assumed proportion of in-service members that remain members at retirement.

Defined contribution plan
It is the policy of the Group to provide retirement benefits to all its eligible employees. All eligible Group employees are members of the respective CEF Group subsidiaries' retirement funds and medical aid contribution funds, all of which are subject to the Pensions Fund Act of 1956 and the Medical Aid Schemes Act of 1998 respectively. This excludes instances where a defined benefit plan is applicable – refer to above.

The company is under no obligation to cover any unfunded benefits.

Figures in Rand thousand	2024	2023 Restated *

24. LEASES (COMPANY AS LESSEE)

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

The maturity analysis of lease liabilities is as follows:

Within one year	194,342	181,784
Two to five years	666,962	711,340
More than five years	1,142,565	1,210,147
	2,003,869	2,103,271
Less finance charges component	(894,169)	(959,130)
	1,109,700	**1,144,141**
Non-current liabilities	976,741	1,037,449
Current liabilities	132,959	106,692
	1,109,700	**1,144,141**

IFRS 16 Lease Liabilities:

AEMFC

The lease liability relates to the right of use asset disclosed in note 4. Interest is based on incremental borrowing rate of 10.75% per annum. The right of use assets is in respect of a lease of office premises for a noncancelable lease period of 10 year and one month that commenced on 01 March 2018. The lease agreement makes a provision for an option for renewal of 5 years which the company does not expect to exercise due to current cost of leasing the building being too high. There are no restrictions on covenants imposed by leases. The lease agreement does not constitute a sale and leaseback transaction.

CEF

The company leases printing machines. The average lease term is 3 years and the average effective borrowing rate is 10%. The borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The finance lease liabilities relates to leases of printing machines
- The lease payments are fixed per annum.
- The original lease period is 3 years and ends on 30 November 2024.

PASA

Details pertaining to leasing arrangements, where the company is lessee are presented below:
The Agency leases printers, storage and an office building. The average lease term is 3 years and the incremental borrowing rate is 11.75%. The incremental borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The lease liabilities relate to the above right of-use-assets.
- The lease payments escalate at between 5% - 7% per annum.
- The office space lease period will expire in 78 months time.
- The Agency has entered into a new lease agreement for printing equipment, the lease is for 3 years, the remaining lease period as at year end is 28 months
- The office space lease provides for a 2 year renewal option, in determining the lease term the 2 year renewal period was taken into account, which makes the lease period to be 7 years (5 years original period plus 2 years renewal option). - The lease for Milnerton storage came to an end at 31 March 2024, the new lease agreement will be concluded in the new financial year.
- The lease for ten seismograph equipment has expired and the equipment has been transferred to Council for Geoscience.

Lease Modification

- The incremental borrowing rate at August 2023 was re-assed and the new rate of 11.75% (2023: 10.60%) was obtained resulting in re-measurement of Lease Liability and the Right of use asset.

Figures in Rand thousand	2024	2023 Restated *

24. Leases (company as Lessee) (cont.)

PetroSA
The group leases several assets including buildings, storage and a floating production storage and offloading unit (FPSO) in the TEN field in Ghana. With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the balance sheet as a right-of-use asset in property, plant and equipment and a corresponding lease liability. At commencement date the liability is calculated as the present value of future lease payments, discounted using the company's incremental borrowing rate.

PetroSA Ghana Ltd, together with its joint venture partners, entered into a finance lease with MODEC for the leasing of a floating production storage and offloading unit (FPSO) in the TEN field. The lease was initially recognised at R850.3 million in the 2018 financial year. The present value of the lease liability unwinds over the expected life of the lease and is reported within finance costs as finance leases. The initial lease period is 10 years with an option for an additional 10 years, until end of life of field. The imputed interest rate is 8.4%. The company's obligations are secured by the lessor's charge over the leased assets.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The majority of contracts entered into include a one month non-cancelable period and a penalty free cancellation clauses to allow the group to act swiftly should any material un-certainties materialise. The group is prohibited from selling or pledging the underlying assets as security, unless stated otherwise.

The Group has elected not to recognise a lease liability for short term leases(leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. At 31 March 2024, the group had operating lease commitments of R148.3million (2023: R23.6 million).

SFF
The group is leasing properties that are located in the Saldanha Port from Transnet National Ports Authority (TNPA). The company leases have a remaining period of approximately 3 years. A Terminal Operating Agreement(TOA) was entered into between the company and TNPA which allows the lease contract to be extended for a further period of 25 years. As part of the TOA, the rental and escalation clauses were revised for one of the two agreements that are in place with TNPA.

The company is renting an office building from PetroSA SOC Ltd. The initial agreement expired on the 31 May 2021 and the company is now on a month-to-month contract. The average effective borrowing rate used at initial recognition of the lease liability was 10.25%. The borrowing rate is the rate that was obtained from SFF bankers as if we were to obtain financing for the purchase of similar assets.

Subsequent amendment and re-measurement
With the modification of the lease rentals for the one lease agreement in accordance with the TOA, the rate was reviewed and a rate of 7% used resulting in a re-measurement of the lease liability and related right of use asset.

The lease liability relates to the aforementioned leases with TNPA. The lease payments are fixed and escalate at 7% per annum until 31 March 2026 where after a rental review would be conducted in accordance with the market.

An escalation of 7% was used throughout in relation to the modified TNPA lease.
The other lease agreement remains at 10.25% as recognised at initial recognition as no amendment was made to this lease agreement.

Figures in Rand thousand	2024	2023 Restated *

23. Retirement & Benefits (cont.)

Finance lease 2023:

AEMFC

AEMFC entered into a finance lease with Innovent Rental and Asset Management Solution (Pty) Ltd for mining machinery. The finance lease was initially recognised at R144.2 million. The present value of the lease liability unwinds over the expected life of the lease and is reported within the finance costs as finance leases. The initial lease period is 5 years and the impute interest rate is 9.5%. The mining machinery finance lease was settled in full and the company has no further finance lease.

PetroSA

The group leases several assets including buildings, storage and a floating production storage and offloading unit (FPSO) in the TEN field in Ghana. With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the balance sheet as a right-of-use asset in property, plant and equipment and a corresponding lease liability.

At commencement date the liability is calculated as the present value of future lease payments, discounted using the company's incremental borrowing rate. PetroSA Ghana Ltd, together with its joint venture partners, entered into a finance lease with MODEC for the leasing of a floating production storage and offloading unit (FPSO) in the TEN field. The lease was initially recognised at R850.3million in the 2018 financial year. The present value of the lease liability unwinds over the expected life of the lease and is reported within finance costs as finance leases. The initial lease period is 10 years with an option for an additional 10 years, until end of life of field. The imputed interest rate is 8.4%. The company's obligations are secured by the lessor's charge over the leased assets.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The majority of contracts entered into include a one month non-cancelable period and a penalty free cancellation clauses to allow the group to act swiftly should any material uncertainties materialise. The group is prohibited from selling or pledging the underlying assets as security, unless stated otherwise.
The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

IFRS 16 Lease Liabilities:

AEMFC

The lease liability relates to the right of use asset disclosed in note 4. Interest is based on incremental borrowing rate of 10.75% per annum. The right of use assets is in respect of a lease of office premises for a noncancelable lease period of 10 year and one month that commenced on 01 March 2018. The lease agreement makes a provision for an option for renewal of 5 years which the company does not expect to exercise due to current cost of leasing the building being too high. There are no restrictions on covenants imposed by leases. The lease agreement does not constitute a sale and leaseback transaction.

CEF

The company leases printing machines. The average lease term is 3 years and the average effective borrowing rate is 10%. The borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The finance lease liabilities relates to leases of printing machines.
- The lease payments are fixed per annum.
- The original lease period is 3 years and ends on 30 November 2024.

Figures in Rand thousand	2024	2023 Restated *

24. Leases - company as Lessee (cont.)

PASA
The company leases an office building. The average lease term is 3 years and the average effective borrowing rate used is 10.60%. The incremental borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The finance lease liabilities relates to leases of a property lease.
- The lease payments escalates between 5-7% per annum.
- The original lease period is 3 years.

SFF
The company is leasing properties that are located in the Saldanha Port from Transnet National Ports Authority (TNPA). The company leases have a remaining period of approximately 3 years. A Terminal Operating Agreement (TOA) was entered into between the company and TNPA which allows the lease contract to be extended for a further period of 25 years. As part of the TOA, the rental and escalation clauses were revised for one of the two agreements that are in place with TNPA.

The average effective borrowing rate used at initial recognition of the lease liability was 10.25%. The borrowing rate is the rate that was obtained from SFF bankers as if we were to obtain financing for the purchase of similar assets. With the modification of the lease rentals for the one lease agreement in accordance with the TOA, the rate was reviewed and a rate of 7% used resulting in a re-measurement of the lease liability and related right of use asset. The lease liability relates to the aforementioned leases with TNPA. The lease payments are fixed and escalate at 7% per annum until 31 March 2026 whereafter a rental review would be conducted in accordance with the market. An escalation of 7% was used throughout in relation to the modified TNPA lease.

Figures in Rand thousand	2024	2023 Restated *

25. PROVISIONS

25. Provisions

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in estimate	Interest expense	Foreign Exchange Movement	Total
Environmental rehabilitation	11,313,954	19,510	-	(13,333)	(885,646)	601,429	15,839	11,051,753
Bonus	203,153	110,176	(95,451)	(932)	(113,976)	-	-	102,970
Social investment	350	-	-	-	-	-	-	350
Damages	-	603	-	-	-	-	-	603
	11,517,457	**130,289**	**(95,451)**	**(14,265)**	**(999,622)**	**601,429**	**15,839**	**11,155,676**

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in estimate	Interest expense	Foreign Exch	Total
Environmental rehabilitation	13,418,020	98,811	-	(22,847)	(2,620,234)	587,155	53,050	11,313,954
Bonus	181,285	85,827	(63,267)	(692)	-	-	-	203,153
Social investment	350	-	-	-	-	-	-	350
	13,599,655	**184,638**	**(63,267)**	**(23,539)**	**(2,820,234)**	**587,155**	**53,050**	**11,517,457**

	2024	2023
Non-current liabilities	11,052,103	11,314,304
Current liabilities	103,573	203,153
	11,155,676	**11,517,457**

Environmental rehabilitation

PetroSA

The decommissioning provision of R10.2 billion (2023: R10.5 billion) represents the present value of decommissioning costs relating to oil and gas interests, the majority of which is assumed to be incurred from the date of decommissioning declaration over a period of 7 years with the start date in the financial year 2026 ending 2032. It will take approximately 2 years to complete the planning phase before the acutal decommission work and cash starts flowing. The assumptions are based on the current economic environment and provide a reasonable basis for estimating the future liability. The program also assumes the decommissioning will be executed in one campaign in aid of managing logistical costs. These estimates are reviewed annually to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market conditions. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

PetroSA has again in the current financial year, appointed Det Norske Veritas (DNV) Pty Ltd (DNV) to independently review the existing decommissioning methodology and cost estimates, resulting in an optimised decommissioning methodology, an AAACE class 4 cost estimates and the 6% On-costs (i.e. Environmental impact assessment and Engineering & detail design) to be incurred over the planning period. DNV optimised the methodology by employing technology advancements such as the use of modular rigs instead of reactivating FA platform drilling package to plug wells, the use of a combination of Rig and Light well intervention vessels instead of rigs, the adoption of a balanced approach, which resulted in an optimised cleaning plan, improved vessel utilisation plan, a conservative Waiting on Weather factor of 25% and identification of additional items that can be abandoned in situ.

PetroSA has furthermore undertook to submit all plugged and abandoned legacy well packages to the regulator as part of the efforts to justify the exclusion of these wells from the provision. No provision has been made for the plugged and abandoned legacy wells. The base cost of the provision was further revised in the current financial year. Although there was a revision in base costs to USD608 million from USD635million the weakening rand, higher risk-free rates and inflation rate made the impact on ZAR not to be that significant. Major assumptions included in the calculation of local provisions is a discount rate of 12.28% (2023: 11.06%). A sensitivity analysis indicates that a R1 weakening of the Rand against the US Dollar translates into R522 million (2023: R850 million)increase in the provision. It is assumed that each well will take an average of 15 days to abandon.

Figures in Rand thousand	2024	2023 Restated *

25.Provisions (cont.)

For international provisions, the discount rate used for the Jubilee,Teak and Akasa Fields in Ghana is 3.97% (2023: 3.87%) with an expectedrealisation date of 2036. The discount rate used for TEN and Wawa fields in Ghana is 3.88% (2023: 3.87%) with an expected realisation date for 2032. Changes in cost estimates are driven by revisionsto the Operator's cost assumptions and estimates.

Included in the environmental rehabilitation provision for PetroSA is an amount of R6.2 million(2023: R6.2 million)for the rehabilitation of the land at the Voorbaai terminal and Bloemfontein depot.

The 2024 change in estimate resulting from changes in assumptions can be broken down as follows:

	R' million
Weakening in ZAR against USD	(670)
Discount rate (USD)	852
Discount rate (ZAR)	304
Increase in inflation	(59)
Change in base cost	468
Total	**895**

The 2023 change in estimate resulting from changes in assumptions can be broken down as follows:

	R' million
Weakening in ZAR against USD	(2661))
Discount rate (USD)	326
Discount rate (ZAR)	102
Reduciton in inflation	1,030
Change in base cost	3,966
Total	**2,763**

SFF NPC

This provision relates to the abandonment of the Milnerton and Saldanha tank farms and the environmental rehabilitation at Ogies and is based on the latest cost report provided by Kantey & Templer Consulting Engineers dated 16 May 2022.

The provision amount of R756 million (2023: R741.4 million) relates to the decommissioning and rehabilitation of the Milnerton and Saldanha tank farms under the requirements of NERA and the environmental monitoring and rehabilitation of the underground crude oil tanks in Ogies, with the requirements contained in the MPRDA, as well as the BP Montague Terminal and Avedia Energy (Pty) Ltd.

Major assumptions included in the calculation of the provision are the South African inflation rate of 5.3% (2023: 7.1%).

The discount rate applied was 10% (2023: 10%). Whilst International Accounting Standards IAS 37:45 state that "Where the effect of time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle obligation".

The discounted amount of R458 million (2023: R458 million) is deemed not reflective of the costs that will be needed for the purposes of restoring the operational sites to their original state and therefore management deem it prudent to disclose the provision as R756 million (2023: R741.6 million) which is the best estimate of the expenditure required to settle the present obligation at the balance sheet date of 31 March 2024. Also the shortcomings of this discounted amount are that: Saldanha Terminal has a remaining useful life of more than 40 years which is too far out in the future, as a result there are reasonably potential changes in the assumptions used in the calculation like South African inflation, Rand to Dollar exchange rate, oil prices etc.

Figures in Rand thousand	2024	2023 Restated *

25. Provisions (cont.)

Saldanha and Milnerton
The six Saldanha in-ground tanks will be decommissioned and withdrawn from service but not demolished. The scope of work includes the cleaning, decommissioning and mothballing of the equipment within the perimeter fences of the tank farm. The value of any recovered material, including steel from tanks, steel piping, transformers and electrical cabling, will not be used to offset the cost of demolition of the various facilities. Allowance will be made for potentially recoverable material to be placed in waste skips after demolition. The cost of removal from the tank-farm to a scrap yard will be deemed to be offset by the value of the recovered materials. No allowance has been made for the removal of crude oil/sludge from the tanks and pipeline. The decommissioning cost estimate will not include the removal or mothballing of the Chevron facilities as it is assumed that this would be undertaken by Chevron at its expense. Total provisions for Saldanha and Milnerton tank farms are R308.4 million and R221.7 million (2023: R316.4 million and R221.7 million) respectively.

Ogies
The provision for this site is to address the economic analysis of the worst-case environmental damages and the cleanup costs for the assessed hazard. Environmental damage affects groundwater, soil that produces food in the surrounding area, property and trading damages such as human life and mineral rights. The assumptions used in the calculation take into account the probability of occurrence. At year end, the total provision for the Ogies tank storage mine infrastructure was R133 million (2023: R130.0 million).

Montague Terminal
An external expert was appointed to assess the decommissioning provision at acquisition value for Montague Terminal. Assumption included the following, Drain, de-sludge, clean and gas-free tanks and piping, Removal of storage tanks, tank foundations (incl. tank bottoms),pipework (product and fire) selected buildings and structures, roads and hard-standing areas. At year end, the total provision for the the Montague Terminal was R63.7 million(2023: R63.7 million).

Avedia terminal
In terms of the NERSA regulations and licence conditions, the entity is required to provide for the rehabilitation of land. An estimate of R6.9 million (2023: R6.5 million)and 25 years has been used in line with the life of the plant. This is re-assessed regularly.

AEMFC
As at year end the environmental rehabilitation balance of R79.6 million(2023: R60.8 million)was recognised for Vlakfontein Mine rehabilitation based on estimates provided by independent environmental consultants. Current mine plans envisage the expected outflow to occur during the 2024, 2031, 2032 and 2036 financial year. The net present value of the environmental rehabilitation provision is based on discount rates taking into account long bond yield rates of 8.62 for 2024, 10.22% for 2031, 10.46% for 2032, 11.07% 2036 (5.98% for 2022, 9.465% for 2030, 9.915% for 2031, 10.995% 2035 cashflows) and inflation rate of 5.3% (2022: 4,78%) in line with South African Reserve Bank long term inflation targets.

In respect of the rehabilitation provision, there was asset write up R2 million(2022: R7,1 million write down) recognised in property, plant and equipment in the mine infrastructure asset class.

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

Figures in Rand thousand	2024	2023 Restated *

25. Provisions (cont.)

Funding of rehabilitation provision
PetroSA has an obligation to provide for the rehabilitation and decommissioning of its offshore and onshore facilities. The provision is reviewed on an annual basis. The liability is currently valued at R10.3 billion. PetroSA has set aside R3.3 billion, leaving a shortfall of approximately R7.0 billion. In terms of the financial provisioning regulations promulgated under the National Environmental Management Act 107 of 1998 (NEMA),PetroSA is required to comply with these regulations by the 19th of July 2024. The provision calculation is based on comprehensive technical work conducted by an international contractor.

PetroSA is working with all key stakeholders to ensure compliance with the requirements of the financial provisioning regulations by 19 July 2024. To this extent, the holding company has committed to assist PetroSA, through various support and oversight mechanisms, to close the funding gap. In addition, PetroSA is working closely with the regulator (the Petroleum Agency of South Africa) to ensure that it discharges its responsibilities as required under the NEMA financial provisioning regulations. Other key stakeholders involved include the Departments of Mineral Resources and Energy, National Treasury, and Forestry, Fisheries and Environment.

No funds have been set aside for the funding of international provisions valued at R233 million. In terms of the signed petroleum agreements, this will commence once 50% of the estimated reserves have been produced from the relevant fields. However, PetroSA has set aside funds towards the cost of decommissioning. These funds are not available for the general purposes of the group and comprise of the following investments:

Figures in Rand (R'millions)	2024	2023
Cash deposits	477	477
Cash in escrow account	2 598	2408
Financial guarantee	180	180
	3 265	**3265**

Social investment
This provision amount of R350 million (2023: R350 million) is for commitments to community investment projects as a pre-condition for the issuing of exploration licences.

Bonus
Provision for performance bonus for an amount of R216.9 million (2023: R227.96 million) represents incentives for employees who qualify in terms of their performance during the current year. The bonus liability is anticipated to be paid within the next twelve months.

Damages
The legal matter relates to a disagreement with a supplier concerning a purchased drive train. This dispute was resolved subsequent to year end and the supplier was settled with a value of R0.6 million.

25. DEFERRED INCOME

CEF SOC Ltd
The deferred grant was received by CEF SOC Ltd from the DMRE. This funds grant is used to fund feasibility studies for the Vaal Dam projects. The balance of this grant is R1.3 million (2023: R1.2 million).

SFF NPC
Revenue from storage income is recognised over time. One of SFF's storage customers paid an up-front reservation fee of R74.6 million($5.95 million) for a crude oil storage tank in Saldanha Bay, resulting in a contract liability being recognised for revenue relating to the storage services at the time of the initial payment. The liability is recognised as revenue over the storage contract period which was originally 7 years. At 31 March 2023, 11 months were left on the contract.

Figures in Rand thousand	2024	2023 Restated *

26. Deferred Income (cont.)

An extention to the respective customer has been offered an upfront reservation fee of R79.8 million ($4.25 million) applicable to the crude oil storage contracts with a duration of five years and is being recognised as revenue over the duration of the contract, resulting in a contract liability being recognised for revenue relating to the storage services at the time of the initial payment.

As at 31 March 2024, there were 59 months left on the contract.

PASA

These relate to cash deposits received from operators and licencees in terms of issued rights and permits. The environmental deposits can only be paid back to the holder on relinquishment of the rights in terms of section 43 of the MPRDA and on granting of a closure certificate by the Minister. Refer to cash and cash equivalents for ring- fenced funds under note 19. The balance as at year end is R2.6 million (2023: R2.6 million).

The Agency received ring-fenced grant income for the shale gas research project. The project had initial challenges around procurement delays and access to land. Consequently, the income of R94.9 million (2023: R115.7million) remains unspent at year end. Plans are in place to finalise the phases. For commitments against the shale gas project refer to note 39.

Non-current liabilities	66,342	3,760
Current liabilities	110,858	124,866
	177,200	**128,626**

27. TRADE & OTHER PAYABLES

Financial instruments:		
Trade payables	4,054,405	3,612,460
Sundry creditors	1,116,703	616,768
Accrued leave pay	99,401	90,723
Cash calls in advance	253,901	159,411
Liability to transfer to Equalisation Fund	10,221	10,221
Payroll related liabilities	28,511	26,691
Non-financial instruments:		
Amounts received in advance	177,686	833
Statutory payables (tax and levies)	2,923,395	1,146,780
VAT	2,030	21,209
	8,666,253	**5,685,096**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	5,563,142	4,481,474
Non-financial instruments	3,103,111	1,171,887
	8,666,253	**5,653,361**

Fair value of trade and other payables

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

Figures in Rand thousand	2024	2023 Restated *

28. REVENUE

Revenue from contracts with customers		
Fuel production sales	22,999,540	22,445,410
Data sales	88,122	27,393
Crude oil sales	3,561,887	4,033,408
Oil pollution control	45,322	14,163
Application fees	794	114
Coal sales	2,536,981	1,424,473
Administration and management fees	2,630	3,320
Gas cylinder sales	2,601	-
	29,237,877	**27,948,301**
Revenue other than from contracts with customers		
Rental Income	32,834	33,545
Interest received on short-term deposits	391,780	272,225
Interest received on loan to associate	3,491	2,900
Government grants	112,232	118,362
	540,337	**427,032**
	29,778,214	**28,375,333**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Total revenue from contracts with customers	**29,237,877**	**27,948,301**
Timing of revenue recognition		
At a point in time		
Fuel production sales	22,999,540	22,445,410
Data sales	88,122	27,393
Oil pollution control	45,322	14,183
Application fees	794	114
Coal sales	2,536,981	1,424,473
Gas Cylinder sales	2,601	-
	25,673,360	**23,911,573**
Over time		
Crude oil sales	3,561,887	4,033,408
Administration and management fees	2,630	3,320
	3,564,517	**4,036,728**
Total revenue from contracts with customers	**29,237,877**	**27,948,301**

Figures in Rand thousand	2024	2023 Restated *

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Figures in Rand thousand	2024	2023 Restated *

32. OPERATING PROFIT (LOSS)

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

	2024	2023 Restated *
Auditor's remuneration - external		
Audit fees	15,528	19,841
Adjustment for previous year	3,376	(1,974)
	18,904	**17,867**
Auditor's remuneration - internal	**1,330**	**-**
Remuneration, other than to employees		
Directors remuneration	17,872	11,268
Leases		
Variable lease payments	28	23
Leases of low value assets	2,326	1,175
Total lease expenses	**2,354**	**1,198**
Impairment losses		
Impairment /(reversal) of property, plant and equipment	(811,549)	(2,757,809)
Intangible assets	26,007	1,557
Reversal impairment of property, plant and equipment	-	(29,892)
	(785,542)	**(2,786,144)**
Movement in credit loss allowances		
Trade and other receivables	39,773	(10,134)
Loans receivables at amortised cost	(9,687)	13,689
	30,086	**3,555**

	2024	2023 Restated *
Operating profit/(loss) by nature		
Research and development costs	67,638	41,625
Impairment on property, plant and equipment	592	5,938
Depreciation on property, plant and equipment*	753,078	644,067
Depreciation on right of use assets	13,519	15,139
Consulting and professional fees	26,314	297,821
Financial services fees	442	12,441
Computer expenses	9,830	12,050
Transport and freight	608,111	208,040
IT facilities and software	6,853	3,547
Municipal expense	15,168	10,580
Employee costs	621,978	529,355
Staff welfare	4,155	2,743
Security	13,308	12,190
Corporate Social Responsibility	89,763	54,935
Accounting fees	6,262	8,673
Repairs and maintenance	20,435	36,372
Motor vehicle maintenance expenses and other related expenses	4,219	3,126
Insurance	102,780	98,014
Impairment /(reversal) of trade and other receivables	39,773	(10,133)
Amortisation on intangible assets	9,393	9,490
Training	18,706	17,664
Travel - local	15,189	8,768
Travel - overseas	9,640	9,687
Profit/loss on exchange differences	(194,677)	(244,697)

Figures in Rand thousand	2024	2023 Restated *

33. INVESTMENT INCOME

Dividend income		
Equity instruments at fair value through profit or loss:		
Listed investments - Local	6	6
Unlisted investments - Local	-	1,216
Total dividend income	**6**	**1,222**
Interest income		
Investments in financial assets:		
Bank and other cash	861,749	576,658
Trade and other receivables	1,553	4,609
Other financial assets	246,996	157,542
Total interest income	**1,110,298**	**738,809**
Total investment income	**1,110,304**	**740,031**

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

Refer to the respective notes for interest charged on laons.

34. FINANCE INVESTMENT INCOME

Shareholder loans	2	-
Trade and other payables	16,928	104,788
Lease liabilities	80,591	79,814
Bank overdraft	1,821	467
Current borrowings	349,872	218,574
Tax authorities	596	(10)
Unwinding of discount on provisions and other liabilities	607,883	591,925
Other interest paid	110	-
Total finance costs	**1,057,803**	**995,558**

Figures in Rand thousand	2024	2023 Restated *

35. TAXATION

Major components of the tax expense

	2024	2023 Restated *
Current		
Local income tax - current period	508,378	504,548
Local income tax - recognised in current tax for prior periods	118,167	(404)
	626,545	**504,144**
Deferred		
Originating and reversing temporary differences	(168,888)	(50,987)
Benefit of unrecognised tax loss/tax credit	-	(448)
	(168,888)	**(51,435)**
	457,657	**452,709**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2024	2023 Restated *
Accounting loss	(64,290)	2,222,882
Tax at the applicable tax rate of 27% (2023: 27%)	(17,358)	600,178
Tax effect of adjustments on taxable income		
Income not subject to tax	(471,131)	(627,388)
Expenses not deductible for tax purposes	360,013	303,016
Associates results reported net of tax	2,346	3,459
Effects of tax rates in different jurisdiction	(72,842)	(108,209)
Recognised/(Unrecognised) deferred tax asset	656,616	293,890
Tax expense in respect of prior years	13	(404)
	457,657	**464,542**

The average effective tax rate is -712% (2023: 21 %). Companies are subject to income tax at company level and not at Group level. The tax expense arises from individual group companies that are subject to income tax and generated taxable profits during the financial year.

Non-deductible and non-taxable income is made up of income and expenditure from PASA, OPCSA and SFF that are not subject to income tax and non-deductible expenses resulting from the apportionment method applied in some of the entities in the group.

Tax losses carried forward originate from PetroSA Group.

Figures in Rand thousand	2024	2023 Restated *

36. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income - 2024

	Gross	Tax	Share of other compre-hensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Remeasurements on net defined benefit liability/asset				
Remeasurements on net defined benefit liability/as	10,913	-	-	10,913
Items that may be reclassified to profit (loss)				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	140,946	-	-	140,946
Gains (losses) on cash flow hedges not subject to basis adjustments				
Gains (losses) on hedge	-	-	(22,858)	(22,858)
Total items that may be reclassified to profit (loss)	**140,946**	-	**(22,858)**	**118,088**
Total	**151,859**	-	**(22,858)**	**129,001**

Components of other comprehensive income - 2023

	Gross	Tax	Share of other compre-hensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Remeasurements on net defined benefit liability/asset				
Remeasurements on net defined benefit liability/as	(16,804)	-	-	(16,804)
Items that may be reclassified to profit (loss)				
Gains (losses) on cash flow hedges not subject to basis adjustments				
Gains (losses) on hedge	-	-	(24,635)	(24,635)
Total	**(16,804)**	-	**(24,635)**	**(41,439)**

Figures in Rand thousand	2024	2023 Restated *

37. CASH USED IN OPERATIONS

Loss before taxation	(64,290)	2,222,882
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	771,059	653,897
Losses (gains) on sale of assets and liabilities	1,471	(15,329)
Impairment of property,plant and equipment	4,129	623
Gains on exchange differences	(166,387)	(386,197)
Fair value (gains) losses	(39,426)	34
Income from equity accounted investments	(911,309)	(777,591)
Investment income	(1,110,306)	(740,031)
Finance costs	1,057,806	995,558
Net impairments and movements in credit loss allowances	59,313	30,794
Movements in provisions	51,412	94,102
Unrealised foreign exchange gains/losses	104	-
Interest on lease liability	16,315	-
Movements in retirement benefit assets and liabilities	21,443	3,136
Other non cash items	(27,013)	(20,805)
Adjust for items which are presented separately:		
Unrealised foreign exchange gains/losses	(198,467)	(606,714)
Environmental rehabilitation asset write down	(895,710)	(2,763,887)
Changes in working capital:		
Inventories	(1,235,355)	(229,793)
Trade and other receivables	867,352	(1,606,698)
Prepayments	(52,576)	38,265
Trade and other payables	3,243,000	2,881,396
Strategic stock	(1,531,363)	(1,764,234)
	(138,798)	**(1,990,592)**

38. TAX PAID

Balance at beginning of the year	(331,819)	9,728
Current tax recognised in profit or loss	(626,545)	-
Current tax recognised in profit or loss	(259,990)	(393,812)
Balance at the end of the year	188,561	20,910
	(1,029,793)	**(363,174)**

39. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for		
• PASA - Shale gas project	6,482	19,108
• PetroSA - Jubliee and TEN development	577,447	536,720
• SFF NPC - South Sudan investment	723,934	725,126
• SFF - BPSA Montague Garden Terminal	20,740	-
Not yet contracted for and authorised by directors	-	-
CEF SOC Ltd	-	200,000
AEMFC SOC Ltd	7,714	7,783
CEF Carbon SOC Ltd	19,618	198,539
PASA	1,993	-

This committed expenditure relating to the above will be financed by available bank facilities, retained profits, existing cash resources, funds internally generated and debts.

A Memorandum of Understanding (MoU) has been concluded between the governments of South Africa and South Sudan to jointly participate in South Sudan's oil and gas sector resulting in SFF concluding an exploration and production sharing agreement with the Republic of South Sudan based on a Section 54 Approval by the Department of Mineral Resources & Energy. The exploration and production sharing agreement has been approved for costs totaling $48million over a 4 year period with an additional 2 year renewable period.

Figures in Rand thousand	2024	2023 Restated *

39. Commitments (cont.)

Other authorised major commitments

CEF SOC Ltd - Solar Water Heaters Project (Contracted)	-	43,593
CEF SOC Ltd - Solar Water Heaters Project (Not yet Contracted for)	-	10,859

The committed expenditure relates to the Solar Water Heaters Program that CEF is currently implementing in partnership with the Department of Mineral Resources and Energy (DMRE) and Department of Labour (DoL).

The solar water heater program funds have been exhausted and the project has been terminated as at year end.

39.CONTINGENCIES

SFF NPC
Customer claim – uplifting of crude oil
A Court case (arbitration) is currently under way for an alleged breach of storage contract relating to SFF's refusal to allow a customer to uplift 300,000 barrels of crude oil in Saldanha Terminal that were by SFF loaned to a service provider who later on sold the crude oil barrels to the Court Applicant.

SFF entered into a crude oil storage contract with Mercuria. Mercuria was storing crude oil that it had purchased from Enviroshore and Enviroshore had been "loaned" the crude oil by SFF. When Mercuria wanted to evacuate its Oil, SFF refused to honor the Storage Contract that entitled Mercuria to evacuate the crude oil at will. Mercuria took SFF to Arbitration however SFF stalled the matter at Arbitration on basis that the "loaned"300 000 barrels is already serving at the High Court. SFF with Enviroshore were concurrently trying to resolve the matter and hoped that the stock that SFF "loaned" to Enviroshore would be financially compensated by Enviroshore. SFF would pledge such funds to Mercuria to resolve this legal dispute.

Judicial Review proceedings directed at setting aside the disposal of the 300 000 barrels of strategic stock. Mercuria suing SFF for not honoring the Storage contract and SFF pursuing claims against Enviroshore who has been renamed as Uwoyela. Enviroshore/Uwoyela has been successfully liquidated as of the 4th of March 2022, and a certificate of appointment of their liquidator issued on 19th of April 2022.

Awaiting the confirmation and full details of the Insolvency Enquiry the liquidator seems to be contemplating to undertake, apparently at the instance of ABSA, one of the major creditors of Uwoyela, with a view to ascertaining what became of the funding that was provided by ABSA soon before Uwoyela was liquidated.

SFF still to take a view on whether or not to participate in the enquiry, especially in view of the potential financial implications attendant to the process.

Metering system
An interim arbitration award (in which SFF is the respondent) has been finalised whereby the parties agree that the arbitration is postponed since die and the costs of the arbitration are reserved. An independent expert has been appointed to establish whether the metering system operate within the specification agreed to by the parties. The independent expert has requested that additional work should be undertaken to bring the flow meters to a position where they are operating, before they can proceed with the agreed scope of work. The parties have agreed to share the costs of remedial work on an equal basis and the metering system has been taken overseas by the claimant for remedial work. Costs of the remedial work will be shared by the parties on an equal basis.

Figures in Rand thousand	2024	2023 Restated *

40. Contingencies (cont.)

Should the expert conclude that the system operates as intended, SFF shall be liable for R7.67 million plus mora interest (calculated at 9.5% per annum on the capital sum from 1 April 2014 to date of payment),50% of the independent expert's costs and the legal costs of the arbitration proceedings paid by the claimant. Together with legal costs and interest, the legal department estimate the total value of the claim to be R12 million.

During the reporting period the expert ruled against SFF and as SFF was raising disputes on the evaluation of expert the other party approached the court seeking to make the arbitration award a court order. Supplier is suing SFF for payment, which they allege, is due in terms of the contract. Krohne was required to install a metering system, which was aimed at improving accuracy levels of measuring of oil volumes. SFF is withholding payment on the grounds of non-performance under the contract.

Hearing was held on the 25th of July 2022.
Judgment was handed down on the 24th of October 2022, in favour of SFF, i.e. dismissing the supplier’s Application. However, the supplier has since filed an application for leave to appeal the judgment, on the 28th of October 2022. Supplier's application for leave to appeal was heard on the 27th of February2023 and the judgment has been reserved to be handed down at a later stage.

Judgement was delivered on 28 April 2023 granting the supplier leave to appeal directly to the SCA. Appeal set down for the 9th of May 2024 at the SCA, Bloemfontein. Meanwhile, prospects of a commercial resolution of the matter are being a explored on the instruction of the Board. And an SFF task team has been set up to coordinate the process.

Strategic stock
On 12th of March 2018 the company (SFF), together with the holding company (CEF SOC Ltd) had lodged an application in the Western Cape High Court to set aside the disposal of the strategic crude oil stocks on the grounds that these disposals were unlawful, invalid and unconstitutional. On the 20th of November2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that CEF and SFF should repay all proceeds received and also be responsible for out-of-pocket expenses (those are interest earned by SFF on proceeds and on Storage fees and as well as hedging costs) that the Buyers would have suffered.

The Boards of SFF and CEF have resolved to appeal everything but paying back proceeds received from sale of Strategic Stock and the Storage Income that SFF received which both amount to about R5.5 billion.

The matter was heard by the Supreme Court of Appeal on 24 February2022 and the judgement was handed down electronically on 13 April 2022. The Supreme Court upheld the decision made by the Western Cape High Court that SFF is responsible for out-of-pocket expenses, interest compounded and including costs of counsel for some of the traders. The SFF Board decided that the matter would be appealed at the Constitutional Court. However, this appeal was dismissed and an amount of R2.3 billion was paid in relation to hedging and out of pocket expenses on 31 March 2023. There is still an amount of $22.6m (R402 million) that may result in a claim against SFF.

Leave to appeal the Supreme Court decision was declined. As a result, SFF had to pay the compensation amounts as initially ordered by the Western Cape High Court (and upheld by the Supreme Court). Payments were made to Vitol and Natixis amounting to $28m and $101m, respectively amounting to approximately R2.3 billion.

The matter in relation to CTSA vs Taleveras for about $22.6mis still in progress based on correspondence from attorneys. According to the Western Cape judgement, should attempts by CTSA to recover from Taleveras fail then CTSA can recover from SFF.

Figures in Rand thousand	2024	2023 Restated *

40. Contingencies (cont.)

CEF
CEF SOC Ltd was involved in one labour matter in the prior financial year and it was continuing in the current year which relates to a labour dispute (suspension of an employee). CEF is engaging with its lawyers. The proceedings have been concluded subsequent to year end.

Other contingencies arising out of operations
PetroSA
Mbizana Integrated Energy Centre
PetroSA may be liable for any soil contamination resulting from the dispensing of fuel at the Mbizana Integrated Energy Centre. The estimated financial impact is R1 million.

Duty at source(DAS) payable to SARS and audit assessment
On 18 February 2020, SARS issued a Letter of demand for R1 billion with respect to exports from unlicensed depots for the period May 2015 to March 2017. On 28 February 2020, PetroSA requested for a suspension of the payment amount but the application for suspension was denied by SARS . On 17 April 2020, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent interim interdict, interdicting SARS from taking any enforcement and/or collection steps against PetroSA until the merits of the SARS audit assessment are heard in the High court. PetroSA was successful in this regard.

On 30 June 2020, the DA96 application to litigate was submitted to SARS. The next step is for SARS is to submit a replying affidavit and SARS have far exceeded the time period afforded to it in terms of the Uniform Rules of Court to file its affidavit. On 18 March 2021, PetroSA sent notice indicating PetroSA's amenability to mediation. PetroSA still await SARS' response as to whether they are amenable to mediation and to file their answering affidavit by 16 May 2022.

PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. PetroSA requested for a meeting with the Minister of Finance on a without prejudice basis whether this matter may potentially be settled without the need to continue with the present litigation under case number 8080/2020 and also to ascertain when the Minister's opposing papers can be expected. No feedback has been received.

In June 2023, the High Court Registrar has allocated a date for hearing of the matter, namely on Wednesday, 22 November 2023. PetroSA was to file the head of arguments by 1 November 2023 and SARS by 8 November2023.The matter was argued before Acting Judge De Waal on Wednesday, 22 November 2023. Following the hearing, the PetroSA and SARS ("the parties") were afforded an opportunity to present supplementary written submissions (to address the aspect of a 'practice generally prevailing' which forms part of PetroSA's case herein).Written submissions on behalf of PetroSA were furnished on 28 November 2023 and SARS on 19 December 2023.

In January 2024, the parties were afforded an opportunity to make further written submissions, in light of recent judgments handed down in favour of SARS in its disputes with BP South Africa. Such judgments (BP judgments)
were handed down in the Supreme Court of Appeal (SCA) and the Gauteng High Court on Friday, 12 January 2024. Having considered the BP judgments, it was decided that no purpose would be served by making further submissions; while SARS in turn elected to make some written submissions to the court.

Figures in Rand thousand	2024	2023 Restated *

40. Contingencies (cont.)

On Thursday, 18 January 2024, judgement was handed down in this matter in favour of PetroSA. On 8 February 2024, SARS has launched an application for leave to appeal. The court has confirmed that the application for leave to appeal will be heard virtually on Thursday, 11 April 2024.This was rescheduled as requested by SARS. The hearing or the application for leave to appeal will now be heard virtually on Monday, 13 May 2024. The judge had afforded SARS leave to appeal the judgement as per the judgement dated 21 May 2024.

Ghana Revenue Authority
The GRA determined that PGL was liable for US R168,7 million (US $9,4m) Branch Profit Tax (BPT). This amount was included in the final assessment of R224,4 million (US $12.5m). PGL stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights. PGL on receipt of the final audit report, notified the Ministry of Energy (MoE) of its intention to invoke the arbitration procedure provided for under the Petroleum Agreement(PA), as there was no favourable assessment upon the consideration of the objection. PetroSA Ghana has submitted a request for dispute to International Arbitral Tribunal in London for final determination on the applicability of BPT in the context of the Petroleum Income Tax Act, 1987 (PNDCL 188).

In addition, the GRA has notified PGL of its intention to audit the tax years 2019 to 2022. The requested information is currently being provided to the GRA audit team. In terms of Ghanaian Legislation, the Commissioner General of the GRA will issue an assessment after which PGL will have the opportunity to respond within a stipulated period.

AEMFC
At the end of the financial year the company had a legal dispute regarding the procurement of a drivetrain purchased from The Profit Hub. This posed a possible financial obligation of R0.6 million. At year end the probability of being liable was considered to be insignificant as the legal team believe the plaintiff had little claim. However, an agreement was reach after the financial year end and subsequently settled in April 2024.

PASA
A service provider, was appointed to install and refurbish PASA's new offices. The service provider defaulted in that it short-delivered on the promised obligations. PASA reminded the Supplier of the unmet commitments. PASA has proceeded with the legal action to recover the damages suffered. As at year-end attempts to retrieve the money are ongoing.

Guarantees
The Group has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements and has also guaranteed the banking arrangements of certain subsidiaries as shown in the table below:

Guarantees		
Rehabilitation of land disturbed by mining on the Sable field.	180,000	180,000
Manufacture and excisable bond in favour of the South African Revenue Service.	5,000	5,000
Evergreen VAT guarantee in favour of the Dutch VAT Authorities (€0.5 million)	10,274	9,709
Eskom for payment guarantee for electrical supply	9,485	9,485
DMRE for rehabilitation of E-BT/E-AR FA mining lease	27,100	27,100
DMRE for rehabilitation FA Mining lease	450,000	450,000
ABSA Bank for OPCA's deed of suretyship*	2,000	2,000
ABSA Bank for iGas deed of suretyship*	2,100	2,100
	685,959	**685,394**

*Amounts omitted in the prior year therefore the prior year figures have been restated.

Figures in Rand thousand	2024	2023 Restated *

41. RELATED PARTIES

41. Related parties

Relationships	
Ultimate holding company	Department of Mineral Resource and Energy
Subsidiaries	Refer to note 7
Joint ventures	Refer to note 8
Associates	Refer to note 9
Unconsolidated structure	Gannet Trust
	PetroSA Development Trust
Affiliates	Extended Continental Shelf Claim
	Upstream Training Trust
	Council for Geoscience
	South African National Committee Leagacy Fund
Under Common Control	Equalization Fund
	South African National Energy Development Institute (SANEDI)
Members of key management	Refer to Note 40
Shareholder of associate (ROMPCO)	Companhia Mocambicana de Gasoduto (CMG)

Related party balances

	2024	2023 Restated *
Loan accounts - Owing (to) by related parties		
Energy Joburg (Pty) Ltd	45,317	40,400
AWCA Power Solar Reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	688,510	554,191
Companhia Moçambiçana de Gasoduto (CMG)	1,937,730	2,006,815
Amounts included in Trade receivable (Trade Payable) regarding related parties		
DMRE	702	703
Equalization Fund	1,188	1,018
PAMDC (Pty) Ltd*	10,085	9,240
SANEDI	379	1,119
Equalization Fund - relating to sale of feedstock	(10,221)	(10,221)
Extended Continental Shelf Claim Project	(181)	(181)
Upstream Training Trust (UTT)	765	606
Council for Geoscience	(2,299)	(11)
African Royalty Minerals (ARM)	8,622	11,634
ROMPCO	195	1,352
Cash on call held on behalf of others		
Upstream Training Trust(UTT)	(81,384)	(79,352)
DMRE(Vaal Hydro Dam)	(1,276)	(1,172)
Provision balances relating to relating parties		
PAMDC (Pty) Ltd	10,085	(9,240)
DMRE	(702)	(702)
SANEDI	(137)	896

Figures in Rand thousand	2024	2023 Restated *

41. Related Parties (cont.)

41. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties		
Ener-G Systems (Pty) Ltd	(4,731)	(4,084)
Upstream Training Trust(UTT)	6,800	4,838
DMRE	61	73
Companhia Moçambiçana de Gasoduto (CMG)	(239,320)	(153,447)
Dividends paid to (recevied from) related parties		
ROMPCO	(920,000)	(790,400)
Rent paid to (received from) related parties		
PAMDC (Pty) Ltd	(35)	(33)
SANEDI	(1,418)	(1,324)
Administration fees paid to (received from) related parties		
DMRE	(2)	(2)
Equalisation Fund	(2,647)	(2,696)
PAMDC (Pty) Ltd	(700)	(684)
Upstream Training Trust(UTT)	(117)	(113)
SANEDI	(137)	(508)
African Royalty Minerals (ARM)	(16,918)	(20,481)
Council for Geoscience	2,299	5,524
DMRE	866	-
Recoveries paid to (received from) related parties		
Equalisation Fund	(5,541)	(3,909)
Companhia Moçambiçana de Gasoduto (CMG)	(2,445)	(48,782)
SANEDI	(73)	(197)
ROMPCO	(744)	(1,176)
Loss allowance		
PAMDC (Pty) Ltd	845	825
SANEDI	(758)	16
Government grant - DMRE		
Allocated income	(92,085)	(94,285)
Conditional grant	-	(45,591)
Guarantees given		
DMRE - PetroSA Rehabilitation	(486,585)	(486,585)
Joint operations paid to		
BPSA Montague Gardens	21,979	8,135
Other		
The Atose and Montague Aguele trust $	-	109,912

Figures in Rand thousand	2024	2023 Restated *

41. Related Parties (cont.)

The balance and transactions for PAMDC relating to revenue has not be recognised as the recognition criteria per IFRS15 has not been met.

All related parties transactions are at an arms length unless stated otherwise.

SFF has been providing storage to the Department of Mineral Resources and Energy (DMRE) for the solar geyser heaters at no charge since the 24th of April 2019. During the 2020/21 financial year, a contract was issued to the DMRE with a value that was to be charged on a monthly basis. The contract start date was initially 24 April 2020. This was amended to 01 April 2021 but remains unsigned and invoices remain unpaid.

The trust holds 38% shareholder of Avedia Energy. Loans were compromised as a result of the share subscription agreement entered into with the company.

The related party balances and transactions for Companhia Mocambiçana de Gasoduto (CMG) and ROMPCO was included in the current year and therefore the prior year has been restated.

42. INTERESTED IN UNCONSOLIDATED STRUCTURED ENTITIES PETROSA DEVELOPMENT TRUST

The PetroSA Development Trust was established to facilitate the development and transformation of the lives of people from historically disadvantaged and impoverished communities and the enhancement of the education and literacy levels in these communities, in particular those within which PetroSA operates, such as the MosselBay region and other deserving communities.

Gannet Trust

The Gannet Trust group of companies was created to underwrite insurance risks for PetroSA and other companies with similar risk profiles. Gannet Trust enables PetroSA to access the reinsurance markets that would not otherwise be available to it. Gannet Trust is also available to accept risks that are either uninsured, uninsurable or that bridge the gap between the underwriters' imposed risk retentions and PetroSA's preferred risk retentions.

Upstream Training Trust

The UTT was established to receive irrevocable and unconditional contributions and grants from any persons or entities for the purpose of applying these funds for education and educational development, research, the provision of funding, assets, services and other resources to public benefit organisations. PASA nominates and serves as a trustee on the board of trustees of UTT.

PASA is responsible for the administration of UTT, but is not able to control it as all decisions have to be made by majority vote of the trustees, which may be a minimum of three and a maximum of seven (PASA has only one vote). PASA receives no administration fees from UTT and makes no contribution to UTT.

At year end, Petroleum Agency SA had an inter-company receivable from UTT of R0.8million (2023: R0.6 million). Terms and conditions of the receivable is that it is due and receivable 30 days from date of invoice receipt by UTT.

Petroleum Agency SA's maximum exposure to loss from UTT is R.08 million (2022: R0.6 million).

Figures in Rand thousand	2024	2023 Restated *

43. DIRECTORS' EMOLUMENTS

Executive

2024

Directors' emoluments	Basic salary	Bonuses and performance related payments	Acting allowance	Pensions receivable or received	Other allowances	Total
Dr. I Poolo	4,912	2,532	-	363	664	8,471
Mr. L Pitsoe (AEMEFC CEO)	3,615	-	-	498	114	4,227
Dr. P Masagane (PASA CEO)*	1,158	486	-	154	88	1,886
Mr. G Moagi (SFF CEO)	5,720	2,306	-	602	-	8,628
Ms. S Ncemane (PetroSA CEO)	1,293	-	2,497	90	82	3,962
Dr. T Mokoka (PASA Acting CEO)*	-	-	-	-	-	-
	16,698	**5,324**	**2,497**	**1,707**	**948**	**27,174**

2023

Directors' emoluments	Basic salary	Bonuses and performance related payments	Pensions receivable or received	Other allowances	Total
Dr. I Poolo	4,645	-	376	656	5,677
Mr. L Pitsoe (AEMEFC CEO)	3,495	-	478	36	4,009
Dr. P Masanegane (PASA CEO)	2,646	459	463	168	3,736
Mr. G Moagi (SFF CEO)	4,876	984	555	-	6,415
Ms. S Ncemane (PetroSA CEO)	1,383	313	185	2,213	4,094
Mr. P Naidoo (PetroSA CEO)**	2,477	-	238	12,131	14,846
	19,522	**1,756**	**2,295**	**15,204**	**38,777**

Non-executive

2024

Directors' emoluments	Directors fees	Other expenses	Directors' fees for services as directors' of subsidiaries	Total
Services as director or prescribed officer				
Ms. A Noah (Chairperson)	1,482	469	-	1,951
Mr. J Besnaar CA (SA)	906	64	160	1,130
Ms N Sondlo CA (SA)	567	16	1,013	1,596
Adv. P Hassan	614	24	73	711
Mr. N Poya	503	162	1,074	1,739
Ms. U Figlan	1,043	35	73	1,151
Ms. G Leketi***	-	-	-	-

Figures in Rand thousand	2024	2023 Restated *

43. Directors' Emoluments (cont.)

Mr. T Maqubela***	-	-	-	-
	5,115	770	2,393	8,278

2023

Directors' emoluments	Directors fees	Other	Directors' fees for services as directors' of subsidiaries	Total
Services as director or prescribed officer				
Ms. A Noah (Chairperson)	1,442	331	-	1,773
Mr. J Besnaar CA (SA)	592	20	-	612
Ms. N Sondlo CA (SA)	777	-	863	1,640
Adv. P Hassan	786	32	-	818
Mr. N Poya	311	27	1,252	1,590
Ms. U Figlan	694	69	-	763
Ms. G Leketi***	-	-	-	-
Mr. T Maqubela***	-	-	-	-
	4,602	479	2,115	7,196

The CEO's of the holding company and operating subsidiaries are key management personnel for the Group Other allowances relates to travel, medical and leave pay.
* - resigned 31 July and acting CEO appointed (Dr T Mokoka)
** - Resigned and an ex-gratia payment of R11.4 million was paid
*** - Are representatives of the shareholder (DMRE) and do not get paid for attendance of meetings.

Mr. T Maqubela resigned on 9 November 2023. Adv. P Hassan resigned 4 January 2024.
Mr. N Poya resigned 8 January 2024.
Ms. N Sondlo passed on 23 February 2024.

Figures in Rand thousand	2024	2023 Restated *

44. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

2024

	ote(s)	Fair value thr	Amortised cc	Total	Fair value
Loans to group companies	10	-	733,698	733,698	-
Other financial assets	12	275,784	2,160,363	2,436,147	-
Investments at fair value	13	150	-	150	-
Trade and other receivables	18	-	2,083,069	2,083,069	-
Cash and cash equivalents	19	-	15,025,110	15,025,110	-
		275,934	**20,002,240**	**20,278,174**	-

2023

	ote(s)	Fair value thr	Amortised cc	Total	Fair value
Loans to group companies	10	-	594,591	594,591	-
Other financial assets	12	-	2,197,738	2,197,738	-
Investments at fair value	13	122	-	122	-
Trade and other receivables	18	-	3,204,841	3,204,841	-
Cash and cash equivalents	19	-	13,190,722	13,190,722	-
		122	**19,187,892**	**19,188,014**	-

Categories of financial liabilities

2024

	ote(s)	Amortised cc	Leases	Total	Fair value
Trade and other payables	27	5,563,142	-	5,563,142	-
Other financial liabilities	22	2,685,146	-	2,685,146	-
Lease liabilities	24	-	1,109,700	1,109,700	-
		8,248,288	**1,109,700**	**9,357,988**	-

2023

	ote(s)	Amortised cc	Leases	Total	Fair value
Trade and other payables	27	4,516,264	-	4,516,264	-
Other financial liabilities	22	2,890,833	-	2,890,833	-
Lease liabilities	24	-	1,144,141	1,144,141	-
		7,407,097	**1,144,141**	**8,551,238**	-

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2024

	ote(s)	Fair value thr	Amortised cc	Total
Recognised in profit or loss:				
Interest income	33	-	1,110,298	1,110,298
Dividend income	33	6	-	6
Gains (losses) on foreign exchange	31	-	200,181	200,181
Gains (losses) on valuation adjustments	31	24,533	-	24,533
Movement in credit loss allowances	32	-	(30,086)	(30,086)
Net gains (losses)		**24,539**	**1,280,393**	**1,304,932**

2023

	ote(s)	Fair value thr	Amortised cc	Total
Recognised in profit or loss:				
Interest income	33	-	738,809	738,809
Dividend income	33	1,222	-	1,222
Gains (losses) on foreign exchange	31	-	259,742	259,742
Gains (losses) on valuation adjustments	31	(34)	-	(34)
Movement in credit loss allowances	32	-	(3,555)	(3,555)
Net gains (losses)		**1,188**	**994,996**	**996,184**

Gains and losses on financial liabilities

2024

	ote(s)	Amortised cc	Leases	Total
Recognised in profit or loss:				
Finance costs	34	(368,733)	(80,591)	(449,324)
Gains (losses) on foreign exchange	31	(6,082)	-	(6,082)
Net gains (losses)		**(374,815)**	**(80,591)**	**(455,406)**

2023

	ote(s)	Amortised cc	Leases	Total
Recognised in profit or loss:				
Finance costs	34	(323,829)	(79,814)	(403,643)
Gains (losses) on foreign exchange	31	(13,314)	-	(13,314)
Net gains (losses)		**(337,143)**	**(79,814)**	**(416,957)**

Capital risk management

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

Figures in Rand thousand		2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

Borrowings	22	(2,685,146)	(2,890,833)
Lease liabilities		(1,109,700)	(1,144,141)
Total borrowings		**3,794,846**	**4,034,974**
Cash and cash equivalents	19	15,025,108	13,190,720
Net borrowings		**(11,230,262)**	**(9,155,746)**
Equity		12,364,229	12,744,670
Gearing ratio		(91)%	23 %

Financial risk management Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign exchange, interest rate and crude oil price risks are monitored continually. The Board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in foreign exchange, interest rates and crude oil prices. Throughout the year under review it has been, and remains, the group's policy that no speculative trading in derivative instruments be undertaken. The group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign exchange, interest rate and crude oil price risks are monitored continually.

The Board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in foreign exchange, interest rates and crude oil prices. Throughout the year under review it has been, and remains, the group's policy that no speculative trading in derivative instruments be undertaken.

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 which is the risk of financial loss to the entity if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company’s receivables and investment securities.

The degree of risk involved is (theoretically) reflected in the borrower’s credit rating. It is key to ensure that the credit risk taken in the cash portfolios is diversified and does not exceed the risk appetite of the CEF Group , either on an individual counterparty or industry sector basis. The group is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents, loan commitments and financial guarantee.

Cash and cash equivalents

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 limits with financial institutions are revised and approved by the Board annually. The Group obtains independent information of counterparty ratings from rating agency.

Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash. Credit guarantee insurance is purchased when deemed appropriate.

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 determine 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.

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

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	10	733,698	-	733,698	594,591	-	594,591
Loans receivable	12	2,436,649	(502)	2,436,147	2,198,240	(502)	2,197,738
Trade and other receivables	18	2,758,986	(299,713)	2,459,273	3,886,817	(230,786)	3,656,031
Cash and cash equivalents	19	15,076,534	(51,424)	15,025,110	13,251,745	(61,023)	13,190,722
		21,005,867	**(351,639)**	**20,654,228**	**19,931,393**	**(292,311)**	**19,639,082**

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.

In mitigating liquidity, risks the Group strives to ensure that loan and overdraft facilities of appropriate terms are available and that revenue match loan redemption commitments.

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.

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.

2024

		Less than 1 y	1 to 2 years	2 to 5 years	Total	Carrying am
Non-current liabilities						
Borrowings	22	-	1,173,789	1,398,409	2,572,198	2,116,369
Lease liabilities		-	666,962	1,142,565	1,809,527	976,741
Current liabilities						
Trade and other payables		5,529,545	-	-	5,529,545	5,563,142
Borrowings	22	704,878	-	-	704,878	568,777
Lease liabilities		194,342	-	-	194,342	132,959
		6,428,765	**1,840,751**	**2,540,974**	**10,810,490**	**9,562,387**

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

2023

		Less than 1 y	1 to 2 years	2 to 5 years	Total	Carrying am
Non-current liabilities						
Borrowings	22	-	995,950	2,237,974	3,233,924	2,511,946
Lease liabilities		-	711,340	1,210,147	1,921,487	1,037,449
Current liabilities						
Trade and other payables	27	4,516,923	-	-	4,516,923	4,516,264
Borrowings	22	593,326	-	-	593,326	378,887
Lease liabilities		181,784	-	-	181,784	106,692
		5,292,033	1,707,290	3,448,121	10,447,444	8,761,478

The prior year amounts for borrowings and lease liabilities have been restated. In the prior year, carrying amounts were disclosed in the different maturity profiles when it should be minimum payments due.

Foreign currency risk

The group is exposed to foreign currency risk as it raises funding on the offshore financial markets, imports raw material and spares and furthermore exports finished products and crude oil which are denominated in foreign currencies. The Group takes cover on foreign exchange transactions where there is future currency exposure. The Group also make use of a natural hedge situation to manage foreign currency exposure. The foreign currencies in which the group deals primarily are US Dollars and Euros.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Exposure in Rand

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

Figures in Rand thousand		2024	2023 Restated *

43. DIRECTORS' EMOLUMENTS

US Dollar exposure:			
Non-current assets:			
Loans receivable	12	118,907	94,339
Current assets:			
Trade and other receivables	18	371,829	95,899
Cash and cash equivalents	19	1,450,209	1,823,379
Current liabilities:			
Trade and other payables	27	(2,309,867)	(1,887,790)
Net US Dollar exposure		**(368,922)**	**125,827**
Euro exposure:			
Current assets:			
Trade and other receivables	18	76	72
Cash and cash equivalents	19	5,861	9,890
Non-current liabilities:			
Trade and other payables	27	(1,119)	(589)
Net Euro exposure		**4,818**	**9,373**
Canadian dollar exposure			
Non-current liabilities:			
Trade and other payables	27	-	(640)
Britsh sterling exposure			
Non-current liabilities:			
Trade and other payables	27	(75)	(241)
Net exposure to foreign currency in Rand		**(364,179)**	**134,319**

Exchange rates

Rand per unit of foreign currency:		
US Dollar	19.045	17.820
Euro	20.548	19.419
Canadian Dollar	-	13.950
British Pound	24	22

Foreign currency sensitivity analysis

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

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

Group

The group measures its market risk exposure by running various sensitivity analyses including 10% favourable and adverse changes in the key variables. The sensitivity analyses include only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% change in foreign currency rates.

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

For financial assets as at 31 March 2024, a 10% strengthening/weakening in ZAR against the relevant currencies would have resulted in a decrease/increase in foreign currency denominated assets of R194.7 million (2023: R202.4 million).

For financial liabilities as at 31 March 2024, a 10% strengthening/weakening in ZAR against the relevant currencies would have resulted in a decrease/increase in foreign currency denominated liabilities of R231.1 million (2023: R188.9 million).

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.

Interest rate profile

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

	ote	Average effective interest rate		Carrying amount	
		2024	2023	2024	2023
Assets					
Loans to group companies	10	11.75 %	11.25 %	733,698	594,591
Cash and cash equivalents	19	8.73 %	7.16 %	15,025,103	13,190,308
				15,758,801	**13,784,899**
Liabilities					
Other financial liabilities		9.70 %	7.96 %	2,685,146	2,890,833
Finance lease liabilities		10.23 %	9.88 %	1,108,298	1,144,141
				3,793,444	**4,034,974**

Figures in Rand thousand	2024	2023 Restated *

44. Financial Instrument & Risk Management (cont.)

Interest rate sensitivity analysis

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

Group

An interest rate sensitivity analysis is based on an increase or decrease of 1% (100 basis points) in the South African market interest rates and the prevailing information as at the reporting date.

The analysis assumes that all other variables remain constant.

The Group's interest rate risk arises from cash and cash equivalents, loans to group companies and finance lease liabilities. The cash on call is invested at variable rates (JIBAR) which expose the company to cash flow interest rate risk, and are managed by CEF Treasury Department. Loans to group companies and finance lease are charged at fixed interest rate.

If interest rates had been 100 basis points higher/lower and all other were held constant, the profit for the year ended 31 March 2024 would decrease/ variables increase by R119.7 million (2023: decrease/increase by R97.5million).

45. RESTATEMENTS/PRIOR PERIOD ERROR

AEMFC

It is noted that the AEMFC financial statements issued for the year end 31 March2023 did not comply with the legislative deadline stipulated in S55(1)(c)(i) of the Public Finance Management Act (PFMA). This non-compliance was attributable to various challenges impacting the accuracy of the reporting within the specified timeframe.

The company faced numerous obstacles, including significant changes in key management and leadership positions, which adversely affected the timelines and precision of the financial reporting process. As a result, the restatement involves in revisiting and enhancing the accuracy of the financial statements. These identified inaccuracies necessitated a thorough reassessment and correction to ensure the integrity and reliability of the financial reports.

CEF

CEF SOC Ltd performs treasury services to the certain subsidiaries where it invest all funds pooled together with the holding company, as one investment and earns interest income on such funds invested.

In the prior year, interest income earned on such investments was recognised as investment income and interest paid was recognised for the portion of interest earned from subsidiaries funds. However a technical opinion recommended that the finance cost should not be recognised as an expense, since it is purely a transfer from the cash investment (asset) on behalf of the subsidiaries and the liability (amount of interest accrued and paid), which cause this error to be restated.

The prior year amounts has been restated to this effect, refer to the revenue note for disclosure of the net investment revenue, which was previously classified as investment income, however, in the current year management reclassified investment income to revenue and the offsetting of finance costs against the investment revenue generated.

Figures in Rand thousand	2024	2023 Restated *

45. Restatements/Prior Period Error (cont.)

PASA
There was an increase in revenue from data sharing contracts and sundry receivables due to data sales that were recorded in the incorrect period as well as foreign exchange loss on sundry receivables.

SFF
The business combination was not completed because the valuation report for property, plant and equipment has not yet been received resulting in the group provisional amounts being restated.
The correction of the error(s) results in adjustments as follows:

Statement of financial position

	Note	Previously reported	Movement	IFRS
Property, plant and equipment	4	6,871,168	85,764	6,956,932
Goodwill	5	69,983	(43,169)	26,814
Intangible assets	6	1,345,851	201	1,346,052
Trade and other receivables	18	17,437	(3,081)	14,356
Deferred tax	10	426,770	11,655	438,425
Total non-current assets		**8,731,209**	**51,370**	**8,782,579**
Inventories	10	975,956	11,929	987,885
Trade and other receivables		3,632,237	9,438	3,641,675
Prepayments		70,179	11,671	81,850
Cash and cash equivalents		13,190,308	414	13,190,722
Total current assets		**17,868,680**	**33,452**	**17,902,132**
Provisions (non current)		11,309,267	5,037	11,314,304
Trade and other payables		5,653,361	31,734	5,685,095
Current tax payable		16,994	(546)	16,448
Deferred tax		1,125,342	21,366	1,146,708
Provisions (current)		227,960	(24,807)	203,153
Total liabilities		**18,332,924**	**32,784**	**18,365,708**
Total assets less total liabilities		**8,266,965**	**52,038**	**8,319,003**
Retained earnings		11,356,885	46,598	11,403,483
Minority interest		29,608	5,440	35,048
Total		**11,386,493**	**52,038**	**11,438,531**

Statement of comprehensive income

	Previously reported	Movement	Total
Revenue	28,096,427	278,907	28,375,334
Cost of sales	(24,460,361)	(6,292)	(24,466,653)
Other operating income	3,134,527	14,955	3,149,482
Other operating expenses	(5,382,974)	25,630	(5,357,344)
Investment income	1,018,900	(278,869)	740,031
Finance cost	(1,000,366)	4,808	(995,558)
Taxation	(460,418)	7,709	(452,709)
Loss from discontinued operations	-	(219)	(219)
	945,735	**46,629**	**992,364**

Figures in Rand thousand	2024	2023 Restated *

45. Restatements/prior period error (continued)

Statement of cash flows

Net cash from operating activities	**Previously reported**	**Movement**	**Total**
Cash (used in)/generated from operations	(2,197,880)	207,288	(1,990,592)
Interest income	932,480	(244,763)	687,717
Finance costs	(405,364)	23,564	(381,800)
Tax paid	(393,390)	30,216	(363,174)
	(2,064,154)	**16,305**	**(2,047,849)**

Net cash from investing activities	**Previously reported**	**Movement**	**Total**
Purchase of proerty, plant and equipment	(489,450)	(654)	(490,104)
Proceeds from sale of property, plant and equipment	-	1,256	1,256
Purchases of investments in associates and joint ventures	(2,446,959)	(70,000)	(2,516,959)
Movement in financial assets	(29,692)	159,152	129,460
Proceeds from sale of an associate	2,010,801	534	2,011,335
Cash advanced in loans to group companies	7,809	4,371	12,180
Loans advanced on loans receivable	(2,064,615)	(214,507)	(2,279,122)
	(3,012,106)	**(119,848)**	**(3,131,954)**

Net cash from financing activities	**Previously reported**	**Movement**	**Total**
Net movements in other financial liabilities	-	(402,313)	(402,313)
(Repayments)/Additions of other financial liabilities	58,344	(58,344)	-
Cash advances received on borrowings	2,982,617	226,146	3,208,763
Cash repayments on lease liabilites	-	(119,361)	(119,361)
Proceeds from loans to group companies	(113,709)	113,709	-
Repayment of borrowings	(344,120)	344,120	-
	2,583,132	**103,957**	**2,687,089**

46. 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

Figures in Rand thousand		2024	2023 Restated *

46. Fair Value Information - Fair Value Hierarchy (cont.)

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	ote(s)		
Financial assets mandatorily at fair value through profit or loss	13		
Listed shares		150	122
Total		**150**	**122**

Level 2

Recurring fair value measurements

Assets	ote(s)		
Financial assets designated at fair value through profit (loss)	13		
Other financial assets		275,784	-
Total		**275,784**	-

The fair value of the BNP Paribas Multi Asset Investment is linked to an underlying investment index within the portfolio. The fair values accounted is the movement between the initial capital invested and the closing balance of the investment at reporting date.

47. GOING CONCERN

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

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied is that 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 is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

PetroSA

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for 12 months from date of approval of the financial statements. PetroSA group current liabilities exceed current assets by R386 million, whilst at company level, the current liabilities at company level exceed current assets by R3,3 billion. The focus of the PetroSA strategy has been on strengthening the downstream business through varied interventions including increased sales volumes and margins, market or customer base expansion and improving trading activities.

The PetroSA business of trade and supply of molecules to its core market has continued to sustain and maintain our performance in the previous financial year and will continue to the next financial year. Supply contract shave been entered into and, the extended term contracts are also in place with the commercial market.

Figures in Rand thousand	2024	2023 Restated *

47. Going concern (cont.)

In addition, PetroSA Ghana Limited, a wholly owned subsidiary of PetroSA continues to show positive margins and is projected to continue to contribute to the PetroSA's group sustenance through its operations and remittance of dividends at various intervals during the 2024/25 financial year. In this regard, PetroSA Ghana Limited operations produced a net profit of approximately R527 million for the year ended December 2023, PetroSA received dividends of R374million (2023: R888million) from PGL during the 2023/24 financial year to support the operational liquidity needs of the company.

The legislative framework governing PetroSA manufacturing, Exploration, Production licences, permits, or Rights, amongst other, compels PetroSA to decommission and rehabilitate the environment where it has carried out its operations. PetroSA is further required to determine the associated cost, make a provision, annually review the adequacy of the provision, and make adjustments where required.

PetroSA accepts its obligations to this end; an independent specialist reviewed the provision, resulting in a change from R10.3billion to R10.0 billion. With only R3,5 billion set aside in the separate rehabilitation company solely established for this purpose, PetroSA acknowledges a shortfall of about R6,5 billion. Options to fund the shortfall are being explored and details on the mechanisms to fund the shortfall will be finalised when the Regulations Pertaining to the Financial Provision are updated and promulgated by the Department of Forestry, Fisheries, and Environment (DFFE). Meanwhile, PetroSA is actively engaged with the DFFE on these regulations, ensuring they cover remediation without compromising the nature and core of exploration and production of oil and gas assets. This proactive engagement demonstrates PetroSA's commitment to meeting its financial obligations. It is important to note that PetroSA does not anticipate decommissioning any of its existing assets. Therefore, the associated liability is not expected to be realised in the reporting period.

The decommission liability required to be provided for at each balance sheet date, utilising best estimates available at the reporting date, has resulted in the company's total liabilities exceeding total assets by R7.2 billion and R6.3 billion at the group level, rendering the company to be technically insolvent. The scenario of technical insolvency has resulted in PetroSA not meeting some of its obligations at financial year-end.

The Board and Shareholder has appointed the Group CEO for PetroSA who commenced duty in April 2024 to ensure that the plans of the Board and management are expedited with rigor and intensity deserving for the company to return to profitability. The plans are codified in the Sales & Operation Plan and structured according to short, medium and long- term. Urgency and prioritisation will be on the short term realisation of these plans as they will have immediate impact on revenue and cost optimisation. In the same measure and spirit of expeditious management of the company to ensure a turnaround, the Shareholder appointed a new Board to drive the Corporate Plan and Strategy to ensure commerciality and sustainability of PetroSA group of companies. It is on this premise and support that, the Company and the Board, supported by Shareholders do not intend to cease operations but will execute these plans to restore and strengthened of the balance sheet.

PetroSA has introduced and implemented an optimised integrated organisational structure to enhance performance management and integrated decision-making process to focus on growth, increased volumes and margin generation. The Sales and Operations integrated plan (S&OP) continues to be the anchor strategy for optimisation and performance enhancement. The integration of the sales and operations allows for seamless view of the business and assist to alleviate any bottlenecks with accountability for unconstrained demand and new product development rests with the Group Chief Commercial Officer(GCCO); and infrastructure & capital project execution to supply this demand rests with GCOO and investment decisions and capital raise rest with the GCFO. The principle being that decision making is integrated to ensure demand is met which should assist to increase revenue an reduce in-efficiencies.

Figures in Rand thousand	2024	2023 Restated *

47. Going concern (cont.)

In addition, the new international business is poised to contribute to the volumes traded in this financial year 2024/25. The intended entrenchment of Trading Business through PetroSA Europe BV as an international Trading and Supply Company operating out of Netherlands focusing, amongst others, on global market leveraging the international presence and networks to maximize opportunities and drive growth. Whilst the SANPC has identified trading as one of the business units to be incorporated into the new entity, as PetroSA EBV we will continue to prepare the EBV for incorporation and maximise returns whilst the management of this company is within PetroSA. PetroSA continues to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further bolster margins.

A case in point engagements are underway with the Airports Company South Africa (ACSA), Transnet, Department of Defence (DoD) and Eskom. In line with PetroSA's intentions of being a significant player in the aviation business in the country, the company responded to an ACSA tender for a 10-year term operatorship of five regional airports. The evaluation process is underway as PetroSA awaits the results of the evaluation process. In addition, the National Energy Regulator of South Africa (NERSA) has approved and issued PetroSA with the Gas Trading licence in the month of April 2024. As such, negotiations on the Gas Sales Agreements with potential Gas Off-takers and other customers regarding the Agreements are currently underway.

Furthermore, PetroSA will continue to receive support from PetroSA Ghana Limited (PGL) in the form of dividend income which will aid the liquidity of PetroSA whilst enabling growth and longer-term initiatives to realise. PGL remains a viable company within the group with positive net profit of R527 million for the financial year under review. Albeit the plans to turnaround the company, PetroSA continues to face several key strategic challenges, perpetuated by the following factors both at company and group level:

- PetroSA has been experiencing operating losses since 2014, however in the past financial year PetroSA reported total comprehensive income of R1.6 billion at company level and R1.8 billion at the group level.

- In the current financial year, PetroSA reported total comprehensive loss of R938 million at company level and ultimate R1.04billion at group level. In addition, loss for the year at group level amounted to R1.2billion million and R942million at company level. The negative performance has been driven largely by the Ukraine / Russia conflict, volatility in exchange rates and global supply constraints. Whilst a concerted effort to implement projects by both the Board of PetroSA and management, these are influenced and affected by the exogenous factors outlined above.

- Indigenous gas reserves are close to depletion and reached the technical cut off point for supply to the GTL refinery in December 2020. Other efforts for gas utilisation with partners have been engaged and agreements concluded and are in the stages of evaluation. Gas trading license April 2024 paving way for the monetisation of gas for revenue generation has been secured and term sheets currently being negotiated.

- While the GTL Refinery has been in parked mode since December 2020, proposals are being evaluated to reinstate the refinery to full production. The approval of Gazprom Bank Africa by Cabinet as key investment partner of funding with technical skills in December 2023 will enable the refinery reinstatement. Additionally, other Development Financial Institutions have expressed interest in partnering with PetroSA to reinstate GTL.

- The GTL Refinery reinstatement project with focus on the liquids section will utilise the condensate/light crude as feedstock. Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The plan is the start the refinery using condensate as feedstock but ensuring that operation is commercially viable by increasing the processing rate i.e. 36-46kbp.

Figures in Rand thousand	2024	2023 Restated *

47. Going concern (cont.)

- Trading & Supply Division continues to import finished product for resale at a profit and satisfy contractual commitments. The trading of hydrocarbons has proved profitable, however not adequate to cover the high fixed cost structure of PetroSA. This is partly being of excessive demurrage costs incurred in the financial of R389 m compared to the previous year of R34 m. This demurrage inefficiency should be reduced in the 2024/25 financial year as a result of introducing of integrated planning- S&OP. Working capital management initiatives implemented by management such as, increased number of suppliers with extended payment terms including customer early payments afforded PetroSA an opportunity to manage costs and honour its obligations;

- While the prioritisation of payment to suppliers in relation to the available funds on monthly basis remains an ongoing assessment; the entity acknowledges the exposure to possible interest and penalties that could be charged due to delayed payments; and in this regard PetroSA continuously engages suppliers for payment deferment and waivers of interest and penalties. This proactive approach has allowed PetroSA to remain a credible supplier whilst navigating the working capital management challenges.
-
- The precarious financial position of the company is impacting negatively on the organisation's credit rating status; however a roadshow conducted in this past financial year to local and international financial institutions provided a report that financial institutions do have the appetite to fund PetroSA on condition of a sovereign guarantee. The matter regarding funding is ongoing and has been highlighted to CEF, the Shareholder and the ultimate shareholder, DMRE.

- PetroSA remains vulnerable to exogenous factors such as fluctuations in the crude oil price including the impact of the on-going Russia-Ukraine war and volatility in foreign exchange rates.

In the circumstance a material uncertainty exists regarding the entity's ability to honour obligations as they fall due as a result of low cash reserves. PetroSA remains resolute in its engagements with CEF, DMRE and Ministry to ensure that initiatives to stabilise PetroSA are expeditiously implemented under strict monitoring by the PetroSA Board and, CEF at the weekly Tri-partite War Room meetings. The 2024 - 2029 Strategy and Corporate Plan developed and approved by the Board on the 17 November2023 and was subsequently submitted for approval by the shareholder CEF. The DMRE approved the Group's Corporate Plan and Shareholders Compact on 15 April 2024.

Despite the headwinds faced by the company in this financial year, the resilience, and positive returns of PGL contributed positively to the liquidity of the company, increased importation and sales of finished products positively contributed to the revenues in the financial year. The volumes sold increased from 1.4 billion litres to 1.6 billion litres for the period under review. The current financial year continued with suppliers who offered open credit terms, and this will continue going forward to ensure supply into the market. The targeted volumes in the Sales & Operations Plan (S&OP) for the 2024/25 is 1.9 billion litres to achieve volumes as codified in the corporate plan. PetroSA will continue to depend on its own cash reserves and utilise stringent working capital management processes to fund trading and marketing operations to fulfil customer contractual obligations and source new customers. Furthermore, management continues to explore possibilities of establishing the Letters of Credit (LCs) utilising the supply contracts with customers, this will ensure that the initiative to establish an international trading house based in Europe BV an already existing PetroSA subsidiary out of South Africa to benefit from that countries credit rating.

Whilst the GTLR is in under care and maintenance mode, management is exploring initiatives to increase revenue including utilising existing tankage to increase finished product volumes and diversification of molecules for placement in the market, selling of left over condensate, entering the lubricants business and utilising funding support through a stream of dividend income from PetroSA Ghana Limited and other funding strategies.

Figures in Rand thousand	2024	2023 Restated *

44. Going Concern (cont.)

Management's projected cash flows indicate that the company shows positive cash flows in most of the months during 2024/2025 financial year. When the funding strategy materialises during the financial year, the company will continue with the improved positive cash flows for the remainder of the financial year. The implementation of the funding plan initiatives and strategies in the corporate plan will result in the company's positive cash position ending March 2025. The projected cash flows assume a gradual increase in revenue as detailed on the S&OP, from 1.4billion litres in FY 2022/23 to 1,6 billion in 2023/24 and 1,9 billion litres in 2024/25. These projections are based on management best estimates and judgement codified through a strategic initiative developed for the revenue generation to increase the volumes to achieve the targeted 2.6 billion litres in the corporate planning period.

On receipt of a Letter of Demand for ZAR1billion with respect to exports from unlicensed depots for the period May 2015 to March 2017, PetroSA responded to SARS outlining the process undertaken for a suspension of the payment amount, which was previously denied by SARS. Subsequently, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent application to interdict SARS from taking any enforcement and/or collection steps against PetroSA. In this regard, PetroSA was granted an appeal in terms of the DA96 and the next steps are for SARS to obtain a court date to take the matter further. PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022.

An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. In January 2024 the high court pronounced on this matter in favour of PetroSA. The First Respondent shall pay the Applicant's costs in respect of the Petroleum Oil and Gas Corporation of South Africa (SOC) Ltd vs The Commissioner for the South African Revenue Service Case No: 21471 / 2020, such costs to include the costs of two counsel. SARS has subsequently placed the matter on appeal therefore, the matter is still pending the appeal outcome.

Initiatives on the corporate plan

CEF have been working closely with PetroSA in the formulation of the corporate plan. To counter and respond to PetroSA's financial and operational challenges, this process ensures stability during the pre-merger phase as PetroSA is aggressively pursuing the following initiatives, short-term and medium to long term to ensure a commercial and sustainable company.

SHORT-TERM INITIATIVES

Increased Purchase and resale of finished products

In the current financial year, PetroSA has increased its revenue from the sale of finished product from 1,4billion litres to 1,6 billion litres at the end of the financial year and aims to achieve 1,9 billion litres in the 2024/25 financial year, maintaining its product placing to the market in terms of the volumes as it is from the previous financial year. The projected volumes will be achieved through aggressive business development initiatives including acquisition of existing market players to support PetroSA's current operating model in the absence of production at the GTL Refinery. The acquisition will be executed on self-funding asset base who are existing and operating businesses generating revenues with assets in place. It is further anticipated that capital expenditure will be incurred to place these volumes on the market as projected and included in the cash flow forecast.

It is further anticipated that the increase in demand is expected to continue during the planning period and the economic forecast is that South Africa needs finished product due to limited local refining capacity whilst three (3) of the existing refineries in the country are not producing for the foreseeable future. Furthermore, PetroSA continues to explore in order to attract new business locally and rest of Africa for supply of finished products, which will improve further the downstream business and margins.

Figures in Rand thousand	2024	2023 Restated *

47. Going Concern (cont.)

In this regard, PetroSA successfully concluded supply agreements with Namcor – National Oil Company of Namibia. Further engagements with Botswana Oil, Eswatini, Mozambique are being aggressively pursued to increase placement of finished products in these countries. Furthermore, PetroSA is exploring several funding options such as establishment of the Letters of Credit through financial institutions for the procurement of finished product in order to achieve the budgeted volumes of 2.8 billion litres per annum as codified in the approved corporate plan. In the current financial year, PetroSA will be engaging with refiners to source the product directly, thereby eliminating the traders and associated costs. This strategy will be pursued utilising the EBV which will be the sole trading arm of PetroSA to the EU market, under the current S54 PFMA approval of EBV whilst the expanded mandate to SADC is being progressed with the DMRE, SARB and National Treasury. With the new Legacy Board being appointment from 1st May 2024, this strategy is being reviewed.

Aviation Business
In the period under review PetroSA secured contracts to supply aviation at the George Airport, King Shaka International Airport and East London Airport. PetroSA is actively pursuing Cape Town International Airport and all other private airports across the country to supply jet fuel, including Lanseria, Hoedspruit, etc. It is further anticipated that there will be an increase in demand and this is to continue during the planning period for jet fuel as evidenced by the refineries shutdown, the growth in local and international tourism and the economic forecast is that South Africa needs jet fuel due to limited local refining capacity. The three (3) existing refineries in the country are not producing for the foreseeable future.

Dividend income and PGL
PetroSA received dividends of R374 million (2023: R888 million) from PGL to support the operational liquidity needs of the company. PetroSA has expectations of future dividends in the ensuing year, based on revenues from PGL. A discussion was undertaken with Ghana Revenue Authority (GRA) with regards to the tax assessment of $47.9 million issued for the financial years 2014 – 2019. On 18 July 2023 a Final Audit report was issued by the GRA for an amount of US$ 12,536,511.95 (a reduction of US $35.4 million of the original assessment). The GRA determined that PGL was liable for US $9,415,527.29 Branch Profit Tax (BPT). This amount was included in the final assessment of US$12.536,511.95. PGL's stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights.

In the current financial year, PGL filed papers with the ICC for arbitration in February 2024 on the branch profit tax assessment. GRA has responded requesting an extension for filing of their affidavits till June 2024. PetroSA will continue to leverage PGL in the ensuing financial year.

On October 2023 GNPC has since retracted their position to share the equity split to fifty-fifty ("50/50") relating to "JOHL Acquisition of Anadarko WCTP company". PetroSA Ghana has since consulted and appointed a legal firm in London – Keystone Law to proceed with arbitration process for the "JOHL Acquisition of Anadarko WCTP company". The process is in the final stages and ready to launch application for arbitration. Based on current equity, PetroSA Ghana would have received between 2.95% and 6.57% maximum additional equity in DWT Block. Maximum interest includes the full 5.95% interest that was allocated to Jubilee Oil Holdings Limited (JOHL).

Exploring additional dividend income
Pre-selling of cargoes continues to be vigorously pursued in the coming financial year to bring in required funding into PetroSA and leverage on the unencumbered PGL status, which could contribute towards the additional dividend income. The tender process is due to close in mid-June and evaluation and award to follow expeditiously.

Figures in Rand thousand	2024	2023 Restated *

47. Going Concern (cont.)

Services to the CEF Group and other government entities

PetroSA has changed the modus operandi of some services departments and divisions into revenue generating units. These include Risk and Compliance and Capital Projects to offer services to the CEF Group at a cost plus premium. Agreements with the Petroleum Agency of South Africa (PASA) were entered into and we foresee these services being exported to the SANPC and become a critical revenue stream. In addition, PetroSA Risk and Compliance tendered in May 2024 and was awarded work for enterprise risk management with the Eswatini National Petroleum Company. PetroSA is equally convinced that these service offerings will continue in the foreseeable future.

Cost-optimisation

PetroSA continues to maintain stringent cost-containment measures for the Group. The cost containments will continue to be implemented in the current financial year. To strengthen cost containment measures, the responsibility to manage costs has been reassigned back to cost centre holders who are to be held accountable for overspending in line with National Treasury of Irregular and Fruitless and Wasteful Expenditure read together with National Treasury Cost Containment instruction. Vigorous cash flow management and evaluation process will continue to ensure that only critical expenditure is incurred and supported by properly motivated supply chain processes. The scrutiny of expenditure is aimed at ensuring that only critical expenditures are approved at the highest levels within the organisation, being GCEO, GCFO and GCOO. These austerity cost management measures have resulted in the company incurring only business critical expenditure being supported and incurred. This is to ensure that only costs critical to maintain and support the current operating model are incurred throughout the organisation.

Financing instruments

Increase equity through pre-emption - PGL

PetroSA Ghana Limited issued its counteroffer notification of pre-emption in respect of the sale of the total shareholding in the Jubilee Oil Holdings Limited (JOHL) Company and Anadarko WCTP Company in relation to Deepwater Tano Joint Operating Agreement (DWT JOA) to acquire the Participating Interest. Due to contractual agreements and delays in receiving the approvals from the Ghanaian authorities the Anadarko WCTP Company (Kosmos transaction) fell through. Furthermore, conversations to close and finalise the JOHL portion with the Minister of Energy in Ghana continues as this will provide an additional equity that is available on this investment. This pre- emption acquisition will provide an opportunity to increase revenue and cash to allow further liquidity support to PetroSA. In addition, concurrence with shareholder - CEF has been obtained. Management is currently awaiting final approvals of section 54 of the PFMA from the Ministry of Mineral Resources and Energy. The Hon Minister of Mineral Resources and Energy (DMRE) has also provided full and unequivocal support to pursue the transaction.

The support offered is to the extent of engaging all avenues including litigation. In this regard, PGL has appointed Keystone – Law Attorneys to file papers at the London, ICC. This Request for Arbitration is submitted on behalf of PetroSA Ghana Limited (hereinafter “PGL” or the “Claimant”) pursuant to Article 4 of the Rules of Arbitration of the International Chamber of Commerce in force as from 1 January 2021 (the “ICC Rules”). Utilising current equity holding, PetroSA Ghana would have received between 2.95% and 6.57% maximum additional equity in DWT Block. Maximum interest includes the full 5.95% interest that was allocated to Jubilee Oil Holdings Limited (JOHL). This will in effect translate to higher revenues and consequently increased dividends repatriation to the shareholder. The determinant behind this legal pursuit is to ensure that both RSA and PetroSA Ghana SOC Limited is not unwittingly short-changed for the rightful pre-emption of its interest.

MEDIUM TO LONG TERM INITIATIVES

Gas Monetization

Figures in Rand thousand	2024	2023 Restated *

47. Going Concern (cont.)

PetroSA is currently seeking strategic partners for collaborative gas-to-power projects. Identified off-takers are being engaged to facilitate the utilization of tail gas (remaining gas in PetroSA's current offshore fields) for power generation. There is the option to supply the tail gas for power generation at Eskom's existing Gourikwa power station or for new infrastructure to be put in place by an independent power generator, targeting 300 Megawatts. These initiatives aim to harness currently stranded tail gas via the FA platform and tap into Block 9's gas potential through the development of existing hydrocarbon discoveries and in the long term, exploration.

Additionally, discussions are underway with TotalEnergies regarding gas supply from Block 11B/12B for potential long-term gas-to-power projects, with negotiations ongoing with gas off takers participating in the Gas Independent Power Producer Procurement Programme (IPPPP).

Partnerships
PetroSA concluded a competitive bidding process to find equity participation partners for some of its offshore petroleum rights to bring in technical expertise and financial resources required to fund the forward work programmes associated with these rights, thus limiting PetroSA technical risk and financial exposure. For one asset (Exploration Right 248 – Block 2C) a farm-out agreement was signed and completion of the farm-out is expected before March 2025. This farm-out will allow PetroSA to remain active in upstream activities whilst the “state free carry” envisaged in the UPRD Bill, has undergone Parliamentary approval processes and is with the President for assent. The farm-out process will be completed and finalised once the conditions precedent per the signed farm-out agreement are fulfilled.

Furthermore, with the recent multibillion barrels oil discoveries in Namibia, a number of international companies have approached PetroSA to partner with in the west coast blocks. PetroSA will therefore consider another partnership process to capitalise on the renewed interest in its assets.

Through this B2B initiative, PetroSA has managed to secure and land Blended Unleaded Petrol (ULP)95 in its Gas-to- Liquid (GTL) Refinery in MosselBay affording the opportunity to once again offer a product mix / combo to its customers. To endorse this initiative the Shareholder, CEF, has resolved to support PetroSA with a contribution of R150 million as part the contribution for the components of the blended ULP95. Furthermore, a project to enhance product delivery to the customers through the installation of the gantry at the GTL Refinery will be executed in the new financial year which will assist to move at least 40 truck loads per day compared to current capacity of only 20 - 25 truck loads per day which will assist in growing volumes in line with target volumes for the ensuing financial year.

Gas Trading

PetroSA's turnaround strategy includes the establishment of a Gas Trading Business, serving as a vehicle for the state to trade gas. The joint gas sales agreement between PetroSA and Mozambique's state-owned energy exploration and production company, Empresa Nacionalde Hidrocarbonetos (ENH),has been successfully concluded. Consequently, PetroSA has secured a Gas Trading License from NERSA in April 2024. PetroSA is set to import over two (2)million gigajoules of gas annually from Mozambique via the ROMPCO pipeline, which will then be resold within the South African market. Additionally, PetroSA is engaging with local South African companies for gas supply and is finalizing agreements with potential customers ready to partner with the company. These collaborations are aimed at bolstering PetroSA's market presence and enlarging its customer base in South Africa.

Impact
Although PetroSA made a loss in 2023/24 an analysis of inefficiencies in our business e.g. demurrage cost, interest payments, DAS it is clear that the company remains a going concern.

Figures in Rand thousand	2024	2023 Restated *

47. Going concern (cont.)

Conclusion
Management acknowledges that material uncertainties remain over the group's ability to continue to operate as a going concern due to liquidity constraints. In considering the uncertainties described above, and weighing these against interventions by the shareholder, the board and management has a reasonable expectation that the PetroSA group has adequate financial resources and support from both the shareholder and the Executive Authority in the execution of the initiatives per the corporate plan to continue operations into the foreseeable future and therefore continues to adopt the going concern basis of accounting to prepare the financial statements.

48. EVENTS AFTER THE REPORTING PERIOD

AEMFC
On 15 April 2024, the High court ruled in favour of the plaintiff in the legal dispute between AEMFC and a supplier. The AEMFC was required to settle the matter for a total of R0.6 million. This has been treated as an adjustment and a provision was raised at year end. Effective from the 22 July 2024, the guarantee policy with Guardrisk was amended by R19.3 million to cover the rehabilitation provision for Vlakfontein. This increased the guaranteed value from R72.2milion to R91.5 million.

CEF Trading
Subsequent to year end, the SAPREF investment was acquired and concluded.

PASA
On 7 May 2024, the Minister of DMRE announced the publication of the amended Mineral and Petroleum Resources Development Regulations 75 and 76 for implementation. Furthermore the Upstream Petroleum Resources Development Bill (UPRD Bill) has been approved by the National Council of Provinces and now awaits the President's approval.

PetroSA
On the 1st April 2024 Mr Xolile Sizani was appointed the Group CEO of PetroSA. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

SFF
As part of the continuing initiatives in relation to the operationalisation of the SANPC, various key personnel have been seconded to the SANPC. Personnel seconded to the SANPC from SFF are Mr. MG Moagi, Ms. R. Stevens, Ms. L Philander and Mr. T. Puley. Three of these key personnel are prescribed offers (Exco members). The secondment is effective from 1st May 2024.

Incurred during the year	12,045	6,840

49. FRUITLESS & WASTEFUL EXPENDITURE

2024:
- Prepayment of R11.016million was not recoverable as well as excess expenditure not allowed. (AEMFC).
- Travel costs of R29 000 was incurred (CEF) relating to no-shows.
- Travel costs of R16 000 was incurred (SFF) relating to no-shows
- Purchase of fuel in spot market at a premium above the contracted price was reimbursed to the sourcing agent with an amount of R984 000 (PetroSA).

Figures in Rand thousand	2024	2023 Restated *

49. Fruitless & Wasteful Expenditure (cont.)

2023
Prepayment of R4.9 million was not recoverble as well as excess expenditure not allowed. (AEMFC).
Interest on late payment of payroll taxes of R844k was incurred (CEF).
Interest on late payment of R1m was incurred (PASA).
Two cases of fruitless and wasteful expenditure relating to "no shows" of R19k were identified during the year. The amounts were recovered from the employees concerned. (SFF).
R13k was incurred for late payment of WCA (iGas).

Incurred during the year	815,949	2,671,276

2024:
PetroSA had financial constraints, and was unable to pay Duty at Source for SARS on a timely basis resulting in penalties & interest of R357 million. Supplier with invalid tax certificate, to the value of R32.1million, resulted in none compliance with Supply Chain Management legislation.

CEF incurred R86 000 relates to payments that were paid for services rendered after the contract has lapsed. SFF incurred R4.9million relating to contravention of supply chain processes below:

- The Preferential Procurement Regulations (PPR), 2022 were not applied to transactions below R30,000 as based on training received on the PPR, SFF was advised that it could set its own thresholds in relation to application of the PPR. Based on subsequent follow up with National Treasury it was confirmed that there is no threshold applicable any longer.

- After the changes to the PPR, SFF revised its SCM policy to include specific goals. The policy was approved by the SFF Board in February 2023 and adopted during the same month. In this policy, SFF included various specific goals as allowed but included the BBBEE level contributor as a specific goal as well since it was left to the entity to determine its specific goals. The Implementation guide issued by National Treasury was only issued months after the regulations came into effect and after the policy was approved. The implementation was also a guide and the view from SFF was the BBBEE level could be included as a specific goal and not in conflict with the PPPFA or PPR, 2022. This amounted to R4.5million.

- An instance of irregular expenditure was identified during the audit whereby a request for quotation went to market for a maintenance related activity. Fourteen quotes were received but only three quotes were evaluated resulting in irregular expenditure of R322 000. The award was not to the highest ranked bidder and resulted in noncompliance to S57(b) of the PFMA.

PASA incurred R5.6million relating to contravention of supply chain processes. The travel management tender awarded in 2021 did not comply with instruction note 4 of 2016/17. The successful bidder had been a previous service provider of the travel management service. According to the instruction note, certain information that was crucial for the tender process was omitted from the tender documents. This information, relating to transaction volumes, was only accessible to the successful bidder due to their previous records. The other bidders did not have access to this information despite the instruction note requiring them to have it. The lack of dissemination of this information made the process unfair. None of the bidders, including those who attended, had access to or were provided with such information, which rendered the process irregular.

AEMFC incurred R415.9 million relating to contravention of supply chain processes. Irregular expenditure relating to deviations for essential coal insourcing contracts. The AEMFC Board was satisfied that no fraudulent activity was related to these contracts and the necessary steps were taken to mitigate similar challenges in the future.

Figures in Rand thousand	2024	2023 Restated *

50. Irregular Expenditure (cont.)

2023

The group previously reported irregular expenditure of R3.124billion, however this has been restated to R2.671 billion, the restatements was from AEMFC and PetroSA.

AEMFC incurred irregular of R277.4million (previously reported at R771.3802million) due to contravention of procurement regulations.

Due to financial constraints, for April 2022 to July 2022 and November 2022 to January 2023, PetroSA was unable to pay Duty at Source for SARS on a timely basis resulting in penalties of R89million (previously reported at R48.2million).

SFF incurred R2.3billion irregular expenditure which was paid to the traders as per the Western Cape High Court judgement. These costs were in relation to out of pocket expenses and interest that were required to be paid to the traders in relation to the 2015/16 strategic stock matter. It needs to be highlighted that the strategic stock as indicated in note 10 was recovered. The balance of R8.6million relates to other instances of irregular expenditure identified. Of this, R4.7m has been assessed and confirmed via the determination test. The balance of R3.9m still has to be subjected to determination.

The R4.7million relates to expenditure incurred in the current year but relates to a contract identified as irregular in the previous financial year where incorrect points were awarded to a supplier (this amounted to R4.3m) and where pre- qualification criteria was not met (R0.4m). The R3.9million relates to expenditure where the no procurement process was followed in relation to a project.

SFF paid R446 million interest as part of the R2,3 billion paid to the traders to settle the out of pocket expenses as part of the Western Cape Judgement. Consequence management in relation to this matter is still in progress.

R202k was relating to payments above the contract value (CEF).

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Accounting Policies
The specific principles, bases, conventions, rules and practices applied in preparing and presenting annual financial statements.

Accrual Accounting
The effects of transactions and other events are recognised when they occur rather than when the cash is received.

Acquiree
The business or businesses that the acquirer obtains control of in a business combination.

Acquirer
The entity that obtains control of the acquiree.

Acquisition Date
This is the date on which the acquirer obtains control of the acquiree.

Active Market
A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Actuarial Gains and Losses
The changes in the present value of the defined benefit obligation resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what have actually occurred) as well as the effects of changes in actuarial assumptions.

Amortisation (Depreciation)
The systematic allocation of the depreciable amount of an asset over its useful life.

Amortised Cost
The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction for impairment or un-collectability.

Asset
A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

Assets Under Construction
A non-current asset which includes expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets.

Borrowing Costs
Interest and other costs incurred in connection with the borrowing of funds.

Business
An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Business Combination
A transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in this IFRS.

Carrying Amount
The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

Cash and Cash Equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash Flows
Inflows and outflows of cash and cash equivalents.

Cash-Generating Unit
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Change in Accounting Estimate
An adjustment to the carrying amount of an asset, liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Consolidated Annual Financial Statements
The annual financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

Constructive Obligation
An obligation that derives from an entity's actions where:
- by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent Asset
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.

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

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Contingent Liability
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.

Control
An investor controls an investee when the investor is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Corporate Assets
Assets other than goodwill that contribute to the future cash flows of both the cash generating unit under review and other cash generating units.

Cost
The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other IFRSs.

Costs to Sell
The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

Credit Risk
The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency Risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Date of Transaction
The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

Deferred Tax Assets
The amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred Tax Liabilities
The amounts of income taxes payable in future periods in respect of taxable temporary differences.

Defined Benefit Plan
Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.

Defined Contribution Plan
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.

Depreciation (or Amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Derecognition
The removal of a previously recognised asset or liability from the statement of financial position.

Derivative
A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

Development
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

EBITDA
Profit/(Loss) from operations before depreciation, amortisation, impairment of assets, investment revenue, fair value adjustments, non-operational foreign gains/losses, income/(loss) from associates, net finance costs and taxation

Effective Interest Method
A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Effective Interest Rate
The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee Benefits
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees or for the termination of employment.

Equity Instrument
A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

Equity Method
A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the investor's share of the profit or loss and other comprehensive income of the investee.

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

Definitions of Financial Terms

For the Year ended 31 March 2024 (cont.)

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Events After the Reporting Period (Subsequent Events)
Those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Exchange Difference
The difference resulting from translating a given number of units of one currency into another currency at different exchange rates.

Expenses
The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair Value
The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Fair Value Less Costs to Sell
The amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Financial Asset Any asset that is:
- cash;
- an equity instrument of another entity;
- a contractual right (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial
- assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is (i) 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 (ii) 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 of IAS 32, 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 of IAS 32, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

Financial Asset or Liability at Fair Value Through Profit or Loss
A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

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

Financial Liability Any liability that is:
- a contractual obligation (i) to deliver cash or another financial asset to another entity or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is (i) 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 (ii) 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 of IAS 32, 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 of IAS 32, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.
- As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32.

Financial Risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Floating Production Storage and Offloading Unit
A floating vessel used by the offshore oil and gas industry for the production and processing of hydrocarbons, and for the storage of oil.

Foreign Operation
An entity that is a subsidiary, joint arrangement or branch of the reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Functional Currency
The currency of the primary economic environment in which the group operates.

Going Concern Basis
The assumption that the entity will continue in operation for the foreseeable future. The financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Government Grants
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 entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Highest and Best Use
The use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities (e.g. a business) within which the asset would be used.

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

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Held-to-Maturity Investment
A non-derivative financial asset with fixed or determinable payments and fixed maturity where there is a positive intention and ability to hold it to maturity other than those that:
the entity upon initial recognition designates as at fair value through profit or loss;
the entity designates as available for sale; and meet the definition of loans and receivables.

Immaterial
If individually or collectively it would not influence the economic decisions of the primary users of the annual financial statements.

Impairment Loss
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impracticable
Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Income
Increase in economic benefits in the form of inflows or enhancements of assets or decreases in liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Interest in Other Entity
For the purpose of IFRS 12, an interest in another entity refers to contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. It includes the means by which an entity has control or joint control of, or significant influence over, another entity. An entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship.

Interest Rate Risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Joint Arrangement
An arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint Operation
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Key Management Personnel
Those persons having authority and responsibility for planning, directing and controlling the activities of the Group, i.e. the members of the Board of Directors of CEF SOC Ltd. and the CEOs/equivalent of the operating subsidiaries and the holding company.

Lease
An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Legal Obligation
An obligation that derives from a contract, legislation or other operation of law.

Liability
A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Liquidity Risk
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans and Receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:
(a) that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those
that the entity upon initial recognition designates as at fair value through profit or loss;
(b) that the entity upon initial recognition designates as available for sale; or
(c) for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Market Risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Material
Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Minimum Lease Payments
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Net Assets
Net operating assets plus cash and cash equivalents.

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

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Net Realisable Value
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. Net realisable value refers to the net amount an entity expects to realise from the sale of inventory in the ordinary course of business. Fair value reflects the amount for which the same inventory could be exchanged between knowledgeable and willing buyers and sellers in the marketplace. The former is an entity specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.

Operating Lease
A lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset.

Other Comprehensive Income
Comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss and includes the effect of translation of foreign operations, cash flow hedges, available-for-sale financial assets and changes in revaluation reserves.

Owner-Occupied Property
Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

Parent
An entity that controls one or more entities.

Past Service Cost
The change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Past Service Cost
The change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Post-Employment Benefits
Employee benefits (other than termination benefits) that are payable after the completion of employment.

Presentation Currency
The currency in which the annual financial statements are presented.

Prior Period Error
An omission from or misstatement in the annual financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when annual financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those annual financial statements.

Prospective Application
Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

Proved Reserves
- Quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward under the following conditions: Discovered, recoverable, commercial and remaining.
- Means the amount of petroleum which geophysical, geological and engineering data indicate to be commercially recoverable to a high degree of certainty. For the purposes of this definition, there is a 90% chance that the actual quantity will be more than the amount estimated as proved and a 10% chance that it will be less.

Proved and Probable Reserves
- Proved and probable reserves are quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward under the following conditions: Discovered, recoverable, commercial and remaining.
- Means proved reserves plus the amount of petroleum which geophysical, geological and engineering data indicate to be commercially recoverable but with a greater element of risk than in the case of proved. For the purposes of this definition, there is a 50% chance that the actual quantity will be more than the amount estimated as proved and probable and a 50% chance that it will be less.

Recoverable Amount
The amount that reflects the greater of the fair value less costs to sell and the value in use that can be attributed to an asset or cash generating unit as a result of its ongoing use by the entity. In determining the value in use, expected future cash flows to be derived from the asset or cash generating unit are discounted to their present values using an appropriate discount rate.

Related Party
A person or entity that is related to the entity that is preparing its financial statements.

a. A person or a close member of that person's family is related to a reporting entity if that person:
b. A person or a close member of that person's family is related to a reporting entity if that person:
   - has control or joint control over the reporting entity;
   - has significant influence over the reporting entity; or
   - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
c. An entity is related to a reporting entity if any of the following conditions applies:
   - The entity and the reporting entity are members of the same group.
   - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   - Both entities are joint ventures of the same third party.
   - One entity is a joint venture of a third entity and the other entity is an associate of the third entity
   - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
   - If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   - The entity is controlled or jointly controlled by a person identified in (a).
   - A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

Definitions of Financial Terms

For the Year ended 31 March 2024 (cont.)

Below is a list of definitions of financial terms used in the annual report of CEF Group:

Research
The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Reserves Under Appraisal
Comprise quantities of petroleum, which are considered, on the basis of information currently available and current economic forecasts, to be commercially recoverable by present producing methods from fields that have been discovered but which require further appraisal prior to commerciality being established.

Residual Value
The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Restructuring
- A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.
- Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective Restatement
Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

Tax Base
The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Temporary Differences
The differences between the carrying amount of an asset or liability and its tax base.

Transaction Costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, i.e. those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Useful Life
The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

Value in Use
The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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