



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

NAME OF APPLICANT: LOMEZA OPENCAST OPERATIONS (PTY) LTD

PROSPECTING WORK PROGRAMME

**SUBMITTED FOR A PROSPECTING RIGHT APPLICATION
WITHOUT BULK SAMPLING**

**AS REQUIRED IN TERMS OF SECTION 16 READ TOGETHER WITH REGULATION 7(1) OF
THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT (ACT 28 of 2002)**

STANDARD DIRECTIVE

All applicants for mining rights are herewith, in terms of the provisions of Section 16 and in terms of Regulation 7 (1) of the Mineral and Petroleum Resources Development Act, directed to submit a Prospecting Work Programme, strictly under the following headings and in the following format together with the application for a prospecting right.

1 REGULATION 7 (1) (a): FULL PARTICULARS OF THE APPLICANT

Table 1: Applicant's Contact Details

ITEM	COMPANY DETAILS
Name	Lomezza Opencast Operations (Pty) Ltd
Tel no.	012 665 2261/2
Fax no.	None
Cellular no.	083 304 7102
E-mail address	simon@lomezza.co.za
Postal address	Postnet Suite 398 Private Bag x 7297, Witbank, 1035

Table 2: Consultant's Details

ITEM	COMPANY DETAILS
Name	Imbila GeoConsult
Tel no.	None
Fax no.	None
Cellular no.	082 401 7862
E-mail address	imbila@gmail.co.za
Postal address	P.O. Box 1044, Belfast, 1100

2 REGULATION 7 (1) (b): PLAN CONTEMPLATED IN REGULATION 2 (2) SHOWING THE LAND TO WHICH THE APPLICATION RELATES

The plan of the land to which the application relates is shown in figure 1, below.

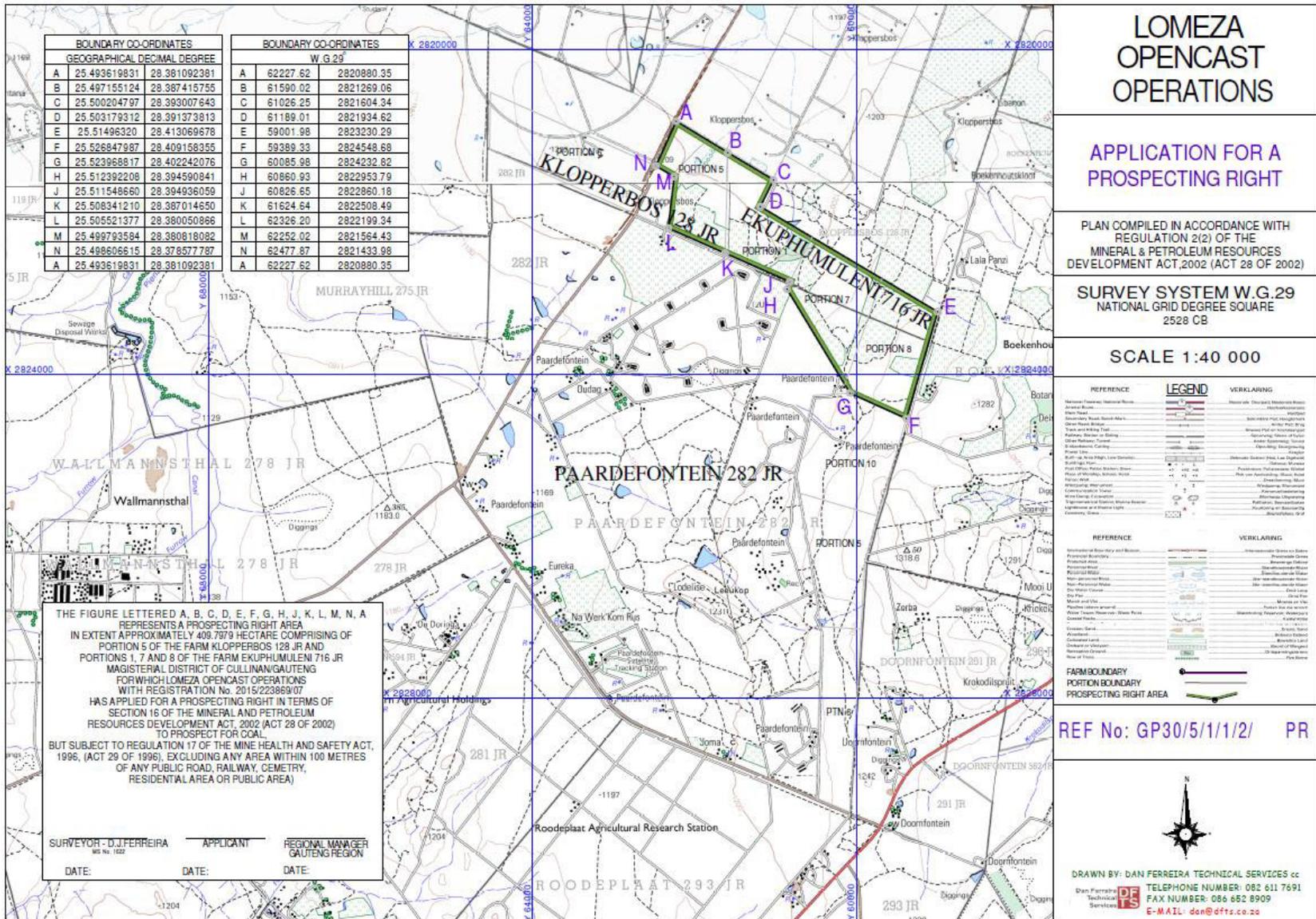


Figure 1. Plan of the land to which the application relates.

3 REGULATION 7 (1) (c): THE REGISTERED DESCRIPTION OF THE LAND TO WHICH THE APPLICATION RELATES

FARM NAME	MAGISTERIAL DISTRICT	TITLE DEED NUMBER	FARM SUBDIVISION NAME
Kloppersbos 128 JR	Cullinan	T18553/2011	Portion 5
Ekuphumuleni 716 JR	Cullinan	T164979/2003	Portion 1
Ekuphumuleni 716 JR	Cullinan	T164978/2003	Portion 7
Ekuphumuleni 716 JR	Cullinan	T164977/2003	Portion 8

4 REGULATION 7 (1) (d) and (e): THE MINERAL OR MINERALS TO BE PROSPECTED FOR

Table 4.1: Minerals to be prospected for

ITEM	DETAIL
Type of minerals continued	Bituminous coal
Type of minerals continued	Torbanite coal
Locality (Direction and distance from nearest town)	Kloppersbos 128 JR, and Ekuphumuleni 716 JR, located approximately 20 km north-west of Cullinan
Extent of the area required for prospecting	409.7979 hectares
Geological formation	Vryheid Formation

4.2 Description why the Geological formation substantiates the minerals to be prospected for:

The area of interest is situated just north of the Witbank Coalfield (figure 2), which extends about 190 km west-east between the towns of Springs and Belfast and about 60 km in a north-south direction between the towns of Middelburg and Ermelo. The area of interest is mainly covered by Ecca Group rocks, shale, shaly sandstone, grit, sandstone, conglomerate, coal in places near base and top. For over a century the Witbank Coalfield has been the major coal producing area in South Africa and continues to be so; it is estimated that since the first commercial exploitation of coal in 1870, over 50% of the coal produced in South Africa has come from the Witbank Coalfield.



Figure 2. Location of Witbank Coalfield

Five coal seams are contained in a 70 m thick succession of sandstone with subordinate siltstone and mudstone and are distinguished numerically in ascending order from the bottom upwards.

The distribution and attitudes of the No. 1 and 2 seams are largely determined by the pre-Karoo topography, whilst the present distribution of the No. 4 and No. 5 seams is controlled by the present day land surface; in areas the No. 5 seam is either completely eroded or is patchily distributed, while the top part of the No. 4 seam is eroded or affected by weathering in places. The No. 3 seam is generally uneconomic, usually having a thickness of less than 0.5 m. At the Glisa colliery, on the most eastern edge of the Witbank Coalfield, 5 km south west of the town of Belfast, the No. 3 seam has an average thickness of 1.5 m and is exploited. Five typical stratigraphic columns from five different areas in the Witbank Coalfield are shown on figure 3.

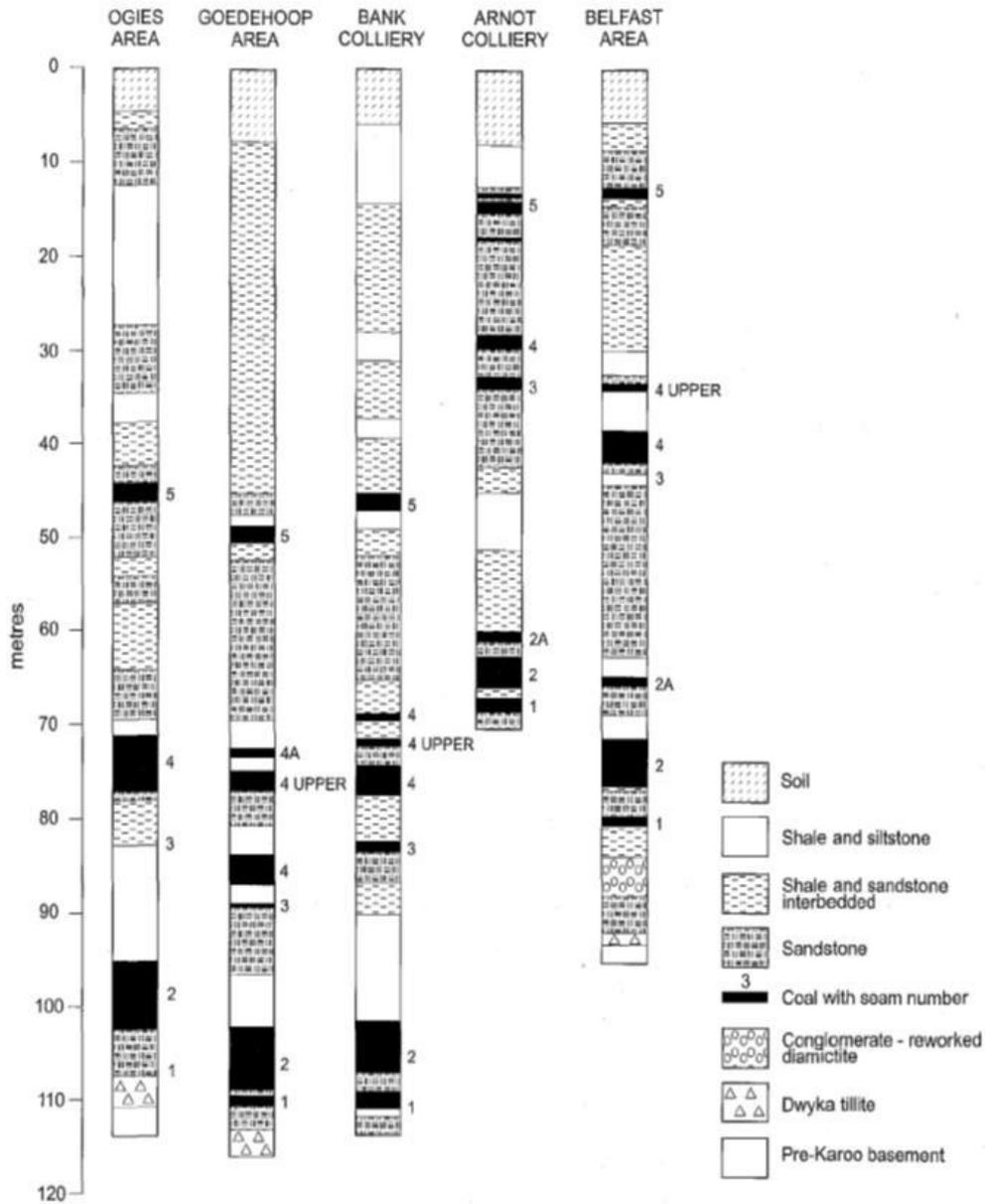


Figure 3. Typical stratigraphic column in the Witbank Coalfield.

4.3 Attach a geological map that justifies the description why there is a possibility that the minerals applied for could occur on the land concerned

The area concerned is covered by rocks of the Vryheid Formation, which are well known for their coal measures. A geological map of the area is shown in figure 4 below.

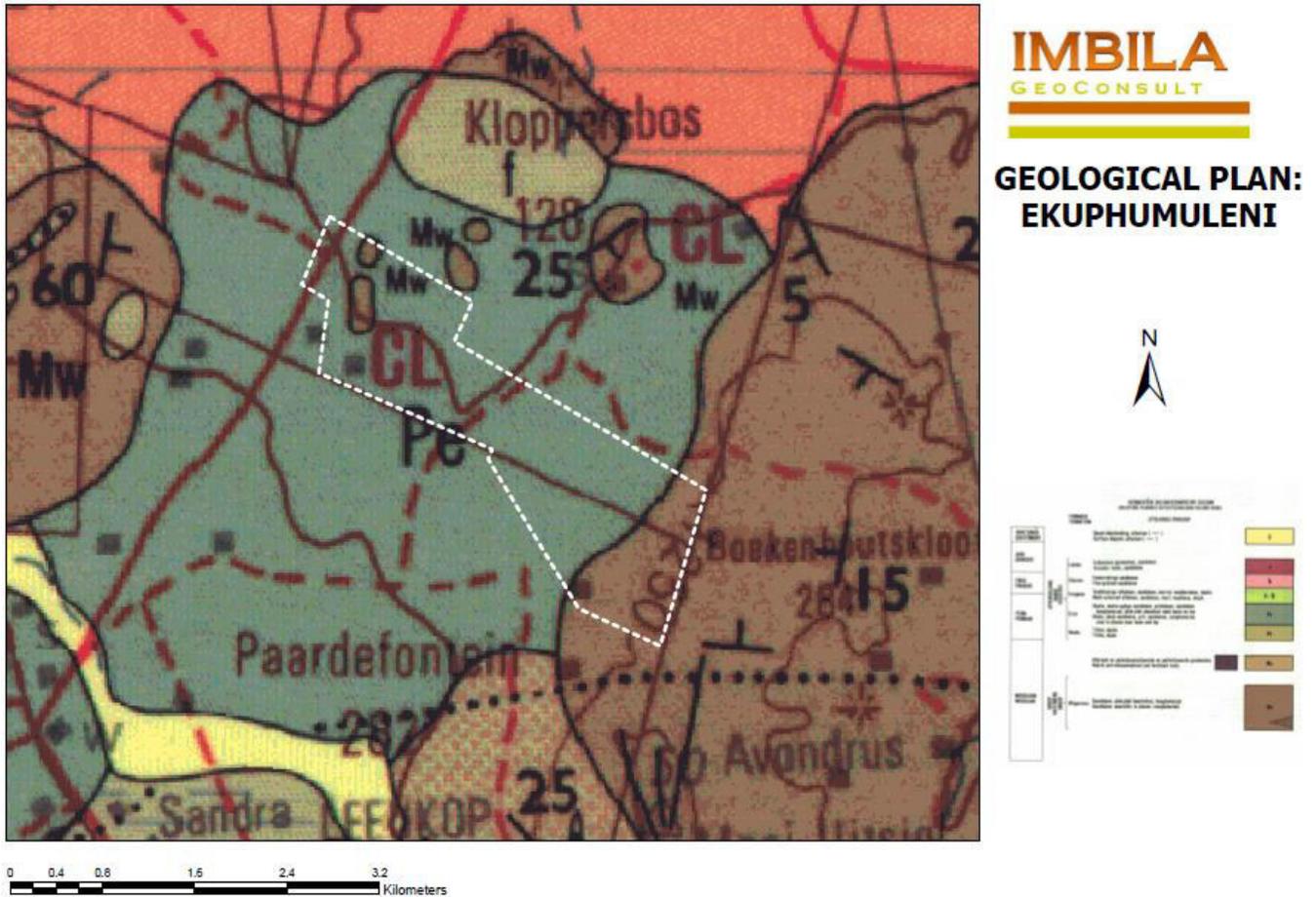


Figure 4. Geological map of the area concerned

5 REGULATION 7 (1) (f): A DESCRIPTION OF HOW THE MINERAL RESOURCE AND MINERAL DISTRIBUTION OF THE PROSPECTING AREA WILL BE DETERMINED

AND

REGULATION 7 (1) (h): ALL PLANNED PROSPECTING ACTIVITIES MUST BE CONDUCTED IN PHASES AND WITHIN SPECIFIC TIMEFRAMES

AND

REGULATION 7 (1) (i): TECHNICAL DATA DETAILING THE PROSPECTING METHOD OR METHODS TO BE IMPLEMENTED AND THE TIME REQUIRED FOR EACH PHASE OF THE PROPOSED PROSPECTING OPERATION

The table below incorporates the information required in respect of Regulations 7 (1)(f), 7(1)(h) and 7 (1)(i):

Table 5.1

Phase	Activity (what are the activities that are planned to achieve optimal prospecting)	Skill(s) required (refers to the competent personnel that will be employed to achieve the required results)	Timeframe (in months) for the activity)	Outcome (what is the expected deliverable, e.g. geological report, analytical results, feasibility study, etc)	Timeframe for outcome (deadline for the expected outcome to be delivered)	What technical expert will sign off on the outcome? (e.g. geologist, mining engineer, surveyor, economist, etc)
1	Non-Invasive prospecting - Desktop study	Geologist	1 month	Geological report based on literature survey of records or evidence of coal findings in the prospecting area.	Month 1	Geologist
1	Non-invasive prospecting - Geological mapping	Geologist	1 month	Geological map of the prospecting area	Month 2	Geologist
2	Invasive prospecting - First phase drilling on a widely spaced grid using percussion and geophysical logging of boreholes	Geologist, surveyor, geophysicist and drilling contractor	1 month	First phase exploration drilling report	Month 3	Geologist
2	Invasive prospecting - Second phase drilling using diamond coring. Laboratory test work on recovered core samples	Geologist, surveyor, geophysicist, drilling contractor and laboratory contractor	1 – 2 months	Second phase exploration drilling report	Month 5	Geologist
3	Non-invasive prospecting - 3D geological modelling and resource estimation	Geologist	1 – 2 months	3D geological model and coal resource statement	Month 7	Geologist
3	Non-invasive prospecting - Prefeasibility study	Geologist, Mining Engineer, Environmental practitioner, Metallurgist, Marketing specialist, Accountant	1 – 2 months	Prefeasibility report	Month 9	Geologist and Mining Engineer
4	Non-invasive prospecting - Bankable feasibility study	Geologist, Mining Engineer, Environmental practitioner, Metallurgist, Marketing specialist, Accountant	2 – 3 months	Bankable feasibility report	Month 12	Geologist and Mining Engineer

6 REGULATION 7 (1) (g): A DESCRIPTION OF THE PROSPECTING METHOD OR METHODS TO BE IMPLEMENTED

(i) DESCRIPTION OF PLANNED NON-INVASIVE ACTIVITIES:

(These activities do not disturb the land where prospecting will take place, e.g. aerial photography, desktop studies, aeromagnetic surveys, etc)

Phase 1 (months 1 to 2), phase 3 (months 6 to 9) and phase 4 (months 10 to 12)

Desktop studies form a very important preparatory step in a new coal exploration project, and as the name suggests, this task is executed mainly from an office environment. Desktop studies will be conducted by the project geologist as part of preliminary investigations into the prospecting area by looking at all relevant published literature, geological maps, mining maps and any available evidence or records of coal findings. The outcome of the desktop studies will be a geological report of the prospecting area with a particular emphasis on the prospectivity of the area. This report will also inform other subsequent prospecting steps.

Field geological studies will follow after the desktop studies, and they typically include walking over the prospecting area making general observations of the geology and topography. Geological mapping activities, if terrain is suitable, may include detailed outcrop mapping, identification of coal hosting strata, coal seam outcrop mapping and sampling of exposed coal seams where available.

The 3D geological modelling and resource estimation step will follow after favourable exploration drilling results. This geological modelling step mainly entails geological interpretation of collected logsheet data and the subsequent geological domaining. The geological model, which shows the physical continuity of the coal seams and the distribution of the coal qualities, is a critical input in coal resource estimation. The coal resource statement, which is an outcome of the resource estimation process, gives an indication of the amount of available coal resources in tonnage and associated qualities.

(ii) DESCRIPTION OF PLANNED INVASIVE ACTIVITIES:

(These activities result in land disturbances e.g. sampling, drilling, bulk sampling, etc.)

Phase 2 (months 3 to 5)

The objective of the exploration drilling is to confirm the presence of coal measures, delineate the vertical and lateral extents of the coal measures, and, through suitable tests, the quality of the coal. Percussion and diamond coring are the preferred drilling methods. The resultant boreholes will be cased and capped to make it safe for people and animals, and also allow for future access by the exploration team.

(iii) DESCRIPTION OF PRE-/FEASIBILITY STUDIES:

(Activities in this section include but are not limited to: initial geological modelling, resource determination, possible future funding models, etc.)

The pre-/feasibility studies team will comprise of a diverse team of technical expertise in the field of mineral projects, including, geologists, mining engineers, metallurgical engineers, civil engineers, mechanical engineers, environmental scientists, marketing professionals and mineral project finance professionals. The list of activities under pre-/feasibility studies includes the following:

- Geological modelling and coal resource estimation
- Coal reserve estimation
- Mine design and scheduling
- Metallurgical processing
- Market development
- Infrastructure design
- Engineering development
- Human resourcing
- Project development and operational costing

(iv) DESCRIPTION OF BULK SAMPLING ACTIVITIES:

This activity requires that an application IN TERMS OF Section 20 is specifically included in your application for a prospecting Right and cannot be proceeded with if such permission is not specifically granted. (Bulk sampling is a sampling technique ONLY – it cannot be used to conduct mining operations.)

There is no plan as part of this Prospecting Work Programme to undertake Bulk Sampling.

Commitment to provide addendums in respect of additional prospecting activities

I herewith commit to provide the Department of Mineral Resources with an addendum in respect of both the EM Plan and Prospecting Work Programme regarding any future in-fill prospecting required but not described above, prior to undertaking such activities. The addendum will cover all the Regulations as per the Prospecting Work Programme.

I agree that the addendums will provide for similar activities only, and if the scope changes I would be required to apply in terms of Section 102 of the MPRDA for an amendment of the Prospecting Work Programme.

Mark with an X

ACCEPT	X
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Commitment to provide addendums in respect of additional prospecting activities

I herewith commit to provide the Department of Mineral Resources with an addendum to the Prospecting work Programme, and an Environmental Management programme for approval prior to undertaking any future bulk sampling activities not described above.

Mark with an X

ACCEPT	X
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7 REGULATION 7 (1) (j) (i): DETAILS WITH DOCUMENTARY PROOF OF THE APPLICANT’S TECHNICAL ABILITY OR ACCESS THERETO TO CONDUCT THE PROPOSED PROSPECTING OPERATION

7.1 Competencies to be employed in terms of the Mine Health and Safety Act

COMPETENCIES TO BE EMPLOYED (List the legal appointments that will be made in terms of the Mine Health and Safety Act, appropriate for the type of operation)
Manager – Mine Health and Safety Act Section 3 (1) A
Subordinate Manager – Minerals Act Regulation 2.6.1
Safety Officer – Minerals Act Regulation 2.17.1

I herewith confirm that I, in Table 9.1 have budgeted and financially provided for the required skills listed above.

CONFIRMED (Mark with an X)	X
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7.2 List of appropriate equipment at your disposal (If applicable)

The equipment to be used will be provided by the contractors that will be hired.

Table D: Appropriate Equipment Available

Surveying equipment – contract surveyor
Drill rig machine – drilling contractor
Geophysical logging equipment – contract geologist
Field vehicles – relevant field contractors
Sample analyses equipment – laboratory contractor
Other relevant field equipment – contract geologist

7.3 Technical skills provided Free of Charge

7.3.1 Information (CV’s) in respect of skills already acquired (append)

The applicant holds a National Higher Diploma in Mining from the University of Johannesburg, a Mine Managers Certificate of Competence from the Department of Mineral Resources and other Management qualifications. The applicant has over 26 years of experience in the mining industry, at various levels up to General Manager level. A detailed CV of the applicant is attached as Appendix A.

7.3.2 Copy of relevant contractual agreements between the service provider(s) and the applicant relative to the duration of the planned prospecting period, where applicable. (append)

The applicant has a Memorandum of Agreement with Imbila GeoConsult to bring together all other relevant service providers at the appropriate time, see Appendix B.

7.3.3 All other evidence of Technical Ability (append)

The project geologist's CV from Imbila GeoConsult is attached as Appendix C.

8 REGULATION 7 (1) (j) (ii): DETAILS WITH DOCUMENTARY PROOF OF A BUDGET AND DOCUMENTARY PROOF OF THE APPLICANT'S FINANCIAL ABILITY OR ACCESS THERETO

The required documentary proof of a budget is shown in Table 8 below. The documentary proof of the applicant's financial ability or access thereto are attached as Appendices D and E.

Table 8. Documentary proof of budget

Prospecting Works Programme Budget															
Period	Cost Elements														Month Total
	Geological desktop study	Geological mapping	Percussion drilling: drilling costs	Percussion drilling: geophysical logging	Percussion drilling: geological logging	Percussion drilling: consumables	Diamond core drilling: drilling costs	Diamond core drilling: geological logging	Diamond core drilling: geophysical logging	Diamond core drilling: consumables	Diamond core drilling: sample analysis	Geological modelling	Prefeasibility study	Bankable feasibility study	
Month 1	15,000														15,000
Month 2		25,000													25,000
Month 3			95,000	9,750	15,000	5,000									124,750
Month 4							147,500	25,000	9,750	5,000					187,250
Month 5										5,000	25,000				30,000
Month 6												45,000			45,000
Month 7												45,000			45,000
Month 8													100,000		100,000
Month 9													100,000		100,000
Month 11														100,000	100,000
Month 10														100,000	100,000
Month 12														100,000	100,000
Total	15,000	25,000	95,000	9,750	15,000	5,000	147,500	25,000	9,750	10,000	25,000	90,000	200,000	300,000	972,000

9 REGULATION 7 (1) (k): A COST ESTIMATE OF THE EXPENDITURE TO BE INCURRED FOR EACH PHASE OF THE PROPOSED PROSPECTING OPERATION (remember to also include prospecting fees)

The cost estimate is contained in Table 9.1 below.

Table 9.1 Cost estimate of the expenditure to be incurred in each prospecting phase

ACTIVITY	YEAR 1 Expenditure (R)
Phase 1 (1 month)	15 000
Phase 1 (1 month)	25 000
Phase 2 (1 month)	124 750
Phase 2 (2 months)	217 250
Phase 3 (2 months)	90 000
Phase 3 (2 months)	200 000
Phase 4 (3 months)	300 000
Annual Total	972 000

10 FINANCIAL ABILITY TO GIVE EFFECT TO THE WORK PROGRAMME

10.1 The amount required to finance the Work Programme

(State the amount required to complete the work)

ZAR 972 000 is required to complete the prospecting work over one year.

ZAR 382 000 is the amount strictly required to complete the prospecting activities; the balance is for studies/evaluations that are associated/related to prospecting activities.

10.2 Detail regarding the financing arrangements

(Elaborate on the financing arrangements, in terms of where the finance will be sourced, extent to which the financing has been finalised and on the level of certainty that such financing can be secured)

The required details are attached as Appendix D.

10.3 Confirmation of supporting evidence appended

(Attach evidence of available funding and or financing arrangements such as balance sheets, agreements with financial institutions, underwriting agreements, etc. And **specifically confirm** in this regard what documentation has been attached as appendices)

The required evidence is attached as Appendix E.

11 Confirmation of the availability of funds to implement the proposed project.

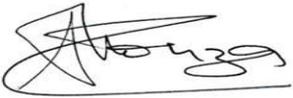
CONFIRMED (Mark with an X)	X
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12 I herewith confirm that I have budgeted and financially provided for the total budget as identified in Regulation 7(1) (k).

CONFIRMED (Mark with an X)	X
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13 REGULATION 7 (1) (m): UNDERTAKING SIGNED BY THE APPLICANT, TO ADHERE TO THE PROPOSALS AS SET OUT IN THE PROSPECTING WORK PROGRAMME

Table 13.1

Herewith I, the person whose name and identity number is listed below, confirm that I am the Applicant or the person authorised to act as representative of the Applicant in terms of the resolution submitted with the application, and undertake to implement this prospecting work programme and adhere to the proposals set out herein.	
Full Names and Surname	Pitsi Simon Mkhonza
Identity Number	681211 5307 086
Signature	

END



Strictly Private and Confidential

Curriculum Vitae | Mr Simon Mkhonza





Mr Pitsi Simon Mkhonza

Personal Details

Date of Birth	:	11/12/1968
ID Number	:	681211 5307 086
Age	:	51
Gender	:	Male
Nationality	:	South African
Home Language	:	Swazi
Other Languages	:	English / Zulu / Afrikaans / Xhosa
Dependants	:	3
State of Health	:	Excellent
Hobbies	:	Exercise; Chess; Global Politics

Residential Address

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1035

Postal Address

Postnet suite 398
Private Bag x 7297, Witbank
1035

Contact Information

Work Tel: 012 665 2261 / 2
Mobile : 083 304 7102

Postal Address

Email: simon@lomeza.co.za

Education



Mabande High School | Ogies

(Matric) 1989

Subjects Passed:

Mathematics, English, Physical
Science, Biology, Zulu, Afrikaans

University of Johannesburg

Qualifications

National Diploma Coal Mining (1994)
Higher National Diploma Coal Mining (1995)

University of Stellenbosch

Qualifications

Underground Blasting Certificate (1994)
Mine Managers Certificate of Competency (1997)
Hons B B&A (2007)

Employment History



Current Employer:
Lomeza Mining Services



Position: Founder and Managing Director

Exxaro Resources | Feb 2010 to 31 Jul 2015

Business Unit Manager (Exxaro- NBC)

My responsibilities were operational and organic growth related. As BU manager, I was responsible and accountable for the production of 3.7Mt Run of Mine (ROM) at Glisa Colliery as well as the development of two adjacent brown-field reserves. These developments were aimed at increasing the life of NBC by producing additional coal for Eskom and export markets.

Exxaro Resources | Apr 2009 to Jan 2010

Senior Project Analysts

Responsibilities included economical project evaluation for strategic fit to ensure that commodity based projects are successfully developed and implemented. Project scope included capital projects in excess of R50 Mil which are subjected to the CEO Portfolio Review Committee as well as the Investment Review Committee. It was my duty as Senior Project Analyst's to ensure that all projects presented to the above executive committees meet all prescribed projects requirements.



Exxaro Resources | Jul 2008 to Mar 2009

Business Unit Manager (Matla Coal)

Matla mine is a multiple coal seam underground operation situated in the Mpumalanga region, about 45 km East of Sasol (Secunda). Primary responsibilities included Health and Safety, cost management and sustainable coal production of over 14 Mil tonnes per annum to Matla Power-station. As an Eskom tied colliery with over 2000 employees and an operating cost budget of over R1.2 Billion per annum, Matla Coal mine employs both Mechanised and Long-Wall mining methods.



Exxaro Resources | Nov 2006 to Jun 2008

Manager - Business Operations

In this position enormous exposure was gained in key corporate activities like participating in Exxaro governance structures, Operations decision making committees, Transformation and giving assistance to the Chief Operating Officer daily activities. Another important key responsibility was a representation as Exxaro Coal board member at Mafube Coal Mine, a 50/50 joint venture between Exxaro Coal and Anglo Coal.



Kumba Resources | Jul 2001 to Oct 2006

Business Unit Manager (Glen Douglas)

Glen Douglas dolomite mine is an open-pit truck and shovel dolomite operation situated in Meyerton, about 50km South of Johannesburg. Apart from the legal responsibilities as BU manager, other key functions were to ensure a stable supply of dolomite to Mittal SA Vanderbijlpark and Newcastle steel plants as well as ensuring dolomitic aggregate supply to about 30 road and building construction companies. Capable of producing 1.4 Million tons of dolomitic product per annum, Glen Douglas mine had consistently contributed positive results to Exxaro Industrial minerals division.

ISCOR LTD | Jan 2001 to Jun 2001

Mine Manager Designate (Inyanda)

Inyanda mine is an open-pit truck and shovel coal mine operation situated about 15Km North East of Witbank. Inyanda was officially launched during 2007. Main delays of the project were associated with company investment constraints, unbundling plans of ISCOR as well as depressed coal prices at the time. However, as manager designate I had to consolidate all project related activities including the final completion of the project bankable feasibility studies.



DOUGLAS COLLIERY SERVICES LTD (INGWE) | Apr 2000 to Dec 2000

Production Manager Number 5 Seam

As production manager, my primary role was to start-up a new green field number-5 seam coal operation. The plan was to develop the new mine with trucks and shovels with the use of contractors to prepare for the employ of a Marion dragline. All of the project plans were successfully executed and eventually the dragline was on site and operational by November 2000. The number 5 coal seam was strategic development in the sense that it was intended for the sole supply of the export coal market.



DOUGLAS COLLIERY SERVICES LTD (INGWE) | Sep 1999 to Mar 2000

Underground Manager

As an underground manager, I was responsible for 6 underground production sections each with a capability to produce 50kt per month, equivalent to a combined throughput of 3.6Mt per year. I had to ensure that all mining takes place according to approved mining plans, legal compliance, Health and Safety, preparations of short and long term production budgets, mining cost management, training and development as well as maintaining sound industrial relations between Management, Trade Unions and Employees.



DOUGLAS COLLIERY SERVICES LTD RIETSPRUIT COLLIEY (BECSA) Operations)

| Jan 1998 to Aug 1999

Underground Mine Overseer

As an underground mine overseer for 6 production sections, my primary responsibilities were to enforce compliance to health, safety and environmental standards, effective cost management, production improvement, mining to approved mining plans and standards.



Junior Positions Held during career development



Rietspruit Mine Services (Ingwe)

Jan 1996 to Aug 1997

Underground Shift Boss

Rietspruit Mine Services (Ingwe)

Jul 1989 to Sep 1989

Run of Mine Clerk



University of Johannesburg (Ingwe)

1992 to 1995

Student Mine Official (Coal Mining)

Rietspruit Mine Services (Ingwe)

Apr 1989 to June 1989

Dragline Cleaner



Rietspruit Mine Services (Ingwe)

Oct 1989 to Dec 1991

Planning Clerk - Drill and Blast Section



Major Accomplishments

1 As Mine Overseer, production improvement of 6 production sections from 3Mt/annum to 3.6Mt/ annum, 20% improvement within 18 months.

2 The development of number 5 seam green field for the utilisation of a Marion Dragline in the year 2000. This operations was planned to run for 8 years.

3 As Underground manager, the achievement of Zero Lost Time Injury shifts and fatality free production shifts while maintaining consistent production throughput during the period September 1999 to March 2000.

4 Project Management and finalisation of the Inyanda mine bankable feasibility studies which led to the successful development of Inyanda Mine in 2002.

5 Appointment as Mine Manager at the age of 32 in the year 2000.

6 Expansion of Exxaro NBC to include the development of Eerstelingsfontein coal green-field reserves during 2015.

7 Driving corporate transformation agenda in all the various mines I was part of whilst maintaining good relationship with local municipalities and community representatives.

8 Various achievers of the year awards from Exxaro Coal and Coal Safe all ranging from Health and Safety, Environmental compliance, Fatality free shifts between 2010 to 2015.

9 Various achievers of the year awards for sustainability and productivity improvement between 2008 and 2015.

10 Successful starting up of LOMEZA MINING SERVICES (Pty) Ltd during 2015.

References

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Sipho Nkosi**

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**Mr
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Bham**

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Kuyasa Mining
Tel: +27 82 457 0197

MEMORANDUM OF AGREEMENT

Made and entered into between

LOMEZA OPENCAST OPERATIONS (PTY) LTD

A private company duly registered in terms of the laws of South Africa, with registration number 2015/223869/07 and with principal place of business at Number 2 Time Square, 11 Pieter Street, Technopark, Centurion. Herein duly represented by **Simon Mkhonza** in his capacity as **Managing Director**, duly authorised.

(Hereinafter referred to as "**THE APPLICANT**")

AND

IMBILA GEOCONSULT (PTY) LTD

A private company duly registered in terms of the laws of South Africa, with registration number 2012/140438/07 and with principal place of business at 33 Fitzgerald Street, Belfast. Herein duly represented by **Gcobani Gcayi** in his capacity as **Director**, duly authorised

(Hereinafter referred to as "**THE SERVICE PROVIDER**")

RECITALS:

WHEREAS THE APPLICANT is in the process of applying for a Prospecting Right at **Ekuphumuleni 716 JR Portions 1, 7, 8 and Kloppersbos 128 JR Portion 5** and has a need of **THE SERVICE PROVIDER's** services in connection with the delivery of this Prospecting project; and

WHEREAS THE SERVICE PROVIDER has expertise and experience in providing these services;

Now, **THEREFORE**, the Parties agree as follows:

1. INTERPRETATION OF TERMS

Unless inconsistent with the context, the words:

“Effective Date” shall mean **01 July 2020**, irrespective of the date of signature of this agreement.

“Exploration Drilling Project Execution & Management Services” shall mean the services to be rendered by **THE SERVICE PROVIDER** at the **Prospecting Right Area**.

“the Parties” shall mean **THE APPLICANT** and **THE SERVICE PROVIDER**, and a reference to **Party** shall refer to either one of them.

“the Prospecting Right Area” shall mean the farms Ekuphumuleni 716 JR Portions 1, 7, 8 and Kloppersbos 128 JR Portion 5, located approximately 20 km north-west of Cullinan, Gauteng Province.

2. TERM

This Agreement shall remain in force from the **Effective Date** for a period of 5 (five) years and may be renewed thereafter on a mutually agreed basis. This term shall always be subject to the termination provisions set forth herein.

3. APPOINTMENT OF THE SERVICE PROVIDER

THE APPLICANT agrees to appoint **THE SERVICE PROVIDER** to perform the **Exploration Drilling Project Execution & Management Services**, who agrees to perform these services. The scope of these services will be as follows:

- 3.1. **Geological desktop study:** the outcome is a geological report based on literature survey of records or evidence of coal findings in the prospecting area.
- 3.2. **Geological mapping of Prospecting Right Areas:** the outcome is a geological map and report of the prospecting area.
- 3.3. **Exploration drilling project planning, set-up and execution strategies:** this includes the following activities
- a) Borehole position planning
 - b) Borehole drilling cost budgeting
 - c) Sample analysis cost budgeting
 - d) Procurement of drilling and laboratory analyses services
 - e) Procurement of survey services
 - f) Geological core logging
 - g) Borehole core sampling
 - h) Laboratory analyses instructions
 - i) Data capturing and management
 - j) Data analysis and interpretation
 - k) Project report writing
- 3.4. **Day-to-day Project management:** this function entails overseeing execution of the project in accordance to set and agreed standards

4. COMPENSATION AND PAYMENT

- 4.1. The **SERVICE PROVIDER** shall be entitled to recover an amount of R382,000.00, which is inclusive of professional fees, drilling costs and laboratory analysis costs from **THE APPLICANT** for the **Exploration Drilling Project Execution & Management Services**.
- 4.2. Payment of each invoice shall be made by **THE APPLICANT** within 30 (thirty) days of receipt of the relevant invoice.
- 4.3. Should **THE APPLICANT** fail to settle any invoice within the stipulated 30 (thirty) days, **THE APPLICANT** shall immediately advise **THE SERVICE PROVIDER**, in writing, of such delay.
- 4.4. Should any part or portion of any invoice of **THE SERVICE PROVIDER** be disputed by **THE APPLICANT**, the undisputed portion of such invoice shall be paid. Unless **THE APPLICANT** raises any objection or dispute in relation to any invoice of **THE SERVICE PROVIDER** within 3 (three) working days of receipt thereof, the **Parties** agree that such invoice shall be regarded as undisputed and payable in terms of this Agreement.

5. LIABILITY

Each **Party** agrees in relation to the other **Party** to indemnify, defend and hold harmless, the other **Party** and its officers, employees, agents, representatives and affiliates (both during and after the term hereof) from and against any and all liability, loss, damages, claims, suits, costs or expenses, including legal fees on an attorney and own client scale, arising out of or in connection with:

- any acts or omissions by such **Party** or its agents, representatives or employees, or
- any breach or non-fulfilment of any representation, warranty or covenant of such **Party** provided herein, or in connection with the performance of this Agreement.

6. DISPUTE RESOLUTION

- 6.1. The **Parties** agree to use reasonable efforts to resolve by good faith negotiations any disputes or differences that arise between them under or in connection with this Agreement. Neither **Party** will resort to legal or arbitration proceedings, or terminate this Agreement for breach or fault, until the following process has been exhausted, except if it is necessary to seek urgent interim relief.
- 6.2. Should the **Parties** be unable to resolve any Dispute, the Dispute, if arbitrable in law, shall be finally resolved in accordance with the Rules of the Arbitration Foundation of Southern Africa or its successor in title ("AFSA") by an arbitrator or arbitrators appointed by AFSA in Pretoria.
- 6.3. It is the intention of the **Parties** that the arbitration shall, where possible, be held and concluded within 20 (twenty) working days after it has been initiated. The **Parties** shall use their best endeavours to procure the expeditious completion of the arbitration process.
- 6.4. The arbitrator shall have the fullest and freest discretion with regard to the proceedings, save that he shall be obliged to give his award in writing, fully supported by reasons, and shall make such order as to costs as he deems just. Any costs order awarded by the arbitrator shall be on a scale as between attorney and client.
- 6.5. The arbitrator shall have the power to give default judgment if either **Party** fails to make submissions on due date and/or fails to appear at the arbitration, or fails to pay its contribution towards the costs of the arbitration.
- 6.6. Subject to the finalisation of any review or appeal proceedings permitted under the rules of AFSA, the decision or award resulting from the arbitration shall be final and binding, and may be made an order of any court of competent jurisdiction at the instance of either **Party** to the Dispute. With effect from the date of the arbitral award or, in case of the settlement of any Dispute, with effect from the date of any such settlement, neither **Party** shall have any further right and/or claim

(including, without limitation, any right pursuant to a subrogation) against the other **Party** in connection with or relating to the Dispute in question.

- 6.7. Notwithstanding the foregoing, nothing in this Paragraph 7 shall be construed as precluding either **Party** from applying to court for a temporary interdict or other relief of an urgent nature, pending the decision of the award of the arbitrator, provided the terms of this Paragraph 7 have been materially complied with by the **Party** seeking such relief, and further providing such **Party** has been attempting to resolve the dispute in good faith before seeking such relief.
- 6.8. The provisions of this Paragraph 7 shall survive termination of this Agreement, and continue to bind the **Parties**.

7. ASSIGNMENT AND CESSION

Neither **Party** shall be entitled to assign, cede, or otherwise transfer the benefit or burden of all or any part of this Agreement without the prior written consent of the other **Party**, which consent shall not be unreasonably delayed or withheld. This Paragraph 8 does not exclude either **Party's** right to make use of sub-contractors in fulfilling its obligations in terms of this Agreement.

8. TERMINATION

- 8.1. Either **Party** may terminate this Agreement upon immediate written notice if the other **Party** has failed to cure a material breach of this Agreement within 30 (thirty) days following written notice thereof.
- 8.2. In the event of the Agreement being terminated for any reason, **THE APPLICANT** shall make payment of any amounts due and payable by it to **THE SERVICE PROVIDER** in terms of this Agreement within 30 (thirty) days of such termination. The termination of the Agreement will not prejudice the rights of any **Party** to claim damages, or to obtain any other relief in respect of any antecedent breach of the terms of this Agreement prior to such termination.
- 8.3. This Paragraph is severable from the rest of the provisions of this Agreement, and shall survive termination of this Agreement, and continue to bind the **Parties**.

9. FORCE MAJEURE

- 9.1. Neither **Party** shall be liable for damages for any delay or failure to perform any of the terms and provisions of this Agreement arising from causes beyond its control, including but not limited to, acts of God or public enemies, acts of civil or military authority, labour disputes, fires, riots, wars or conditions of war, embargoes, accidents, epidemics, floods or other unusually severe weather,

closing or obstruction of highways, bridges or ferries, any of which have a material, substantial and adverse effect on either **Party's** ability to perform pursuant to the terms of this Agreement.

- 9.2. The **Party** claiming force majeure shall notify the other **Party** within 24 (twenty four) hours of when it learns of the existence of such a condition and shall similarly notify the other within a period of two working days after the condition is remedied. If such condition of force majeure, however, is not remedied within 90 (ninety) days, the unaffected **Party** shall have the right to terminate this Agreement.

10. DOMICILIUM CITANDI ET EXECUTANDI

- 10.1. The **Parties** select as their respective domicilia citandi et executandi, and for the purposes of giving or sending any notice provided for or required in terms of this Agreement, the addresses set out in Annexure A to this Agreement, or such other address or e-mail address as may be substituted by notice given as herein required:
- 10.2. Any notice addressed to a **Party** at its physical or postal address shall be sent by prepaid registered post, or delivered by hand, or sent by e-mail.
- 10.3. The provisions of this Paragraph 11 are severable from the rest of the provisions of this Agreement and shall survive its termination and continue to be of full force.

11. ENTIRE AGREEMENT

This Agreement and the attachments represent the entire understanding of the parties and may not be amended except in writing, signed by both **Parties**.

12. WAIVER

The failure of either **Party** to insist in any one or more instance upon strict performance of any of the provisions of this Agreement or to take advantage of all of its rights hereunder shall not operate as a continuing waiver of any of its rights exercisable under this Agreement.

13. PRECEDENCE

The terms of this Agreement, including its attachments, shall be superior to and take precedence over any trading conditions, standard terms and conditions, or forms issued by **THE APPLICANT** in the course of performing services under this Agreement and this Agreement and attachments shall govern in the event of a conflict. In the event of any conflict between this Agreement and any of the attachments to this Agreement, the terms of the Agreement shall prevail.

14. NON-CIRCUMVENTION

The **Parties** agree not to circumvent or attempt to circumvent the terms and spirit of this Agreement in an attempt to gain undue fees, commissions, remunerations or considerations to the benefit of one **Party** and to the exclusion of the other. The **Parties** agree to act in good faith to each other.

THUS, DONE AND SIGNED at **Centurion** on this the 1st day of July 2020

Simon Mkhonza

Managing Director



(Print Name in block letters)

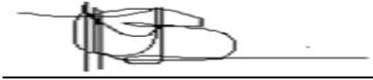
Designation

Signature

For and on behalf of **THE APPLICANT**
and duly authorised thereto

AS WITNESSES:

1.



THUS, DONE AND SIGNED at **Belfast** on this the 1st day of July 2020

Gcobani Gcayi

Director



(Print Name in block letters)

Designation

Signature

For and on behalf of **THE SERVICE PROVIDER**
and duly authorised thereto

AS WITNESSES:

1.



ANNEXURE A – REPRESENTATION AND DOMICILIA

APPLICANT ADDRESSES:

Physical Address:	Number 2 Time Square, 11 Pieter Street, Technopark, Centurion 0169
Postal Address:	Postnet Suite 398, Private Bag X 7297, Witbank, 1035
E-Mail Address:	simon@lomeza.co.za

APLICANT REPRESENTATIVE:

Name:	Simon Mkhonza
Position:	Managing Director
Contact Details:	083 304 7102 Office +27 12 665 2261/2

THE SERVICE PROVIDER ADDRESSES:

Physical Address:	33 Fitzgerald Street, Belfast 1100, Mpumalanga
Postal Address:	PO Box 1044 Belfast, 1100
E-Mail Address:	gcobanig@mail.com

THE SERVICE PROVIDER REPRESENTATIVE:

Name:	Gcobani Gcayi
Position:	Director
Contact Details:	082 401 7862

Gcobani Gcayi



P.O Box 1044, Belfast, 1100

gcobanig@gmail.com

082 401 7862

PERSONAL INFORMATION

Identity Number: 820827 5711 084
Nationality: South African
Gender: Male

PROFESSIONAL PROFILE:

A geologist with a MSc. Exploration Geology degree. I have been working in the mining industry for over 16 years, both as an exploration and operations geologist. As a Resource Competent Person, responsible for the reporting of coal resources to the Johannesburg Stock Exchange, I am knowledgeable of the regulatory requirements for prospecting and mining rights. I have experience in engaging with stakeholders across the mining value chain, from prospecting, mining and coal marketing. As an exploration geologist, I have engaged with government officials from DMR, land-owners and other community members at large.

TERTIARY EDUCATION

Qualifications

Institution & degree: University of KwaZulu-Natal, BSc Geology (2002)
Institution & degree: University of KwaZulu-Natal, BSc (Hons) Geology (2003)
Institution & degree: Rhodes University, MSc Exploration Geology (2016)

Management & Leadership Courses

Institution & certificate: UNISA, First Line Management (2004)
Institution & certificate: University of Pretoria, Management Development Programme (2013)
Institution & certificate: North-West University, Leadership in the Connection Economy (2018)

COMPUTER PACKAGES

- MS Office;
- Minex; and
- ArcGIS;
- AcQuire

PROFESSIONAL MEMBERSHIPS

Organisation: South African Council for Natural Scientific Professions (SACNASP)
Registration number: 400299/11
Organisation: Geological Society of South Africa (GSSA)
Membership number: 965122

EMPLOYMENT HISTORY

Position: Consulting Geologist
Company: Imbila GeoConsult
Period: 2017/01/01 to Present

Position: Chief Geologist
Company: Exxaro NBC Coal & Exxaro Belfast Coal
Period: 2012/01/01 to Present

Position: Senior Exploration Geologist, Coal Projects
Company: Exxaro Head Office
Period: 2008/05/01 to 2011/12/31

Position: Production Geologist
Company: Exxaro Heavy Mineral Sands, Hillendale Mine, Richards Bay
Period: 2006/01/01 to 2008/04/30

Position: Geologist in Training
Company: Exxaro Resources: Hillendale Mine, Leeuwpaan Mine & Thabazimbi Iron Ore Mine
Period: 2004/01/01 to 2005/12/31

KNOWLEDGE & SKILLS

KNOWLEDGE

Prospecting rights and mining rights regulatory requirements
Exploration and mining geology
Project management

SKILLS

Planning, execution and management of projects
Data collection, data analysis and interpretation, and data management
Technical report writing
Stakeholder engagement
Management
Leadership

12 August 2020

Department of Mineral Resources

To whom it may concern:

**RE: Lomeza Mining Services (Pty) Ltd / Lomeza Opencast Operations (Pty) Ltd,
Financial Guarantee**

We would like to bring to your attention that LOMEZA MINING SERVICES (Pty) Ltd has agreed to financially support LOMEZA OPENCAST OPERATION (Pty) Ltd in the pursuit of a Prospecting Right Application for Ekuphumuleni and Klopperbos in the district of Cullinan and to do whatever is reasonably necessary to assist with the programme to bring it to Mining Right stage.

A model that benefits all parties to this agreement has been initiated and our programme will commence on the registration of the prospecting programme. We attach our latest audited financial statements herewith demonstrating our ability to financially support LOMEZA OPENCAST OPERATIONS (Pty) Ltd.

We trust you will find the above in order.

Sincerely,

A handwritten signature in black ink, appearing to read "PS Mkhonza", written over a horizontal line.

PS Mkhonza
Managing Director



Lomez Mining Services (Pty) Ltd
(Registration number 2015/002573/07)
Annual Financial Statements
for the year ended 29 February 2020

These annual financial statements were prepared by:

N Gouws

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

Issued 19 June 2020

Lomez Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Mining and related activities
Director	PS Mkhonza
Registered office	2 Times Square 11 Pieter Street Centurion 0001
Business address	2 Times Square 11 Pieter Street Centurion 0001
Postal address	Postnet Suite 859 Private Bag X1007 Lyttelton 0140
Auditors	LG Edwards Incorporated Chartered Accountants (SA) Registered Auditors 2 Fairbairn street Rynfield Benoni 1501 P. O. Box 13024 Northmead Benoni 1511
Company registration number	2015/002573/07
Tax reference number	9411909170
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: N Gouws
Issued	19 June 2020

Lomez Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Statement of Changes in Equity	10
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The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	20 - 21
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Level of assurance

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

Director's Responsibilities and Approval

The director is required by the Companies Act 71 of 2008, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast for the year to 28 February 2021 and, in the light of this review and the current financial position, He is satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.



PS Mkhonza

Benoni
19 June 2020



Independent Auditor's Report

To the shareholders of Lomeza Mining Services (Pty) Ltd

Opinion

We have audited the annual financial statements of Lomeza Mining Services (Pty) Ltd (the company) set out on pages 8 to 19, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Lomeza Mining Services (Pty) Ltd as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The director is responsible for the other information. The other information comprises the information included in the document titled "Lomeza Mining Services (Pty) Ltd annual financial statements for the year ended 29 February 2020", which includes the Director's Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the director determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



LG Edwards Incorporated
Chartered Accountants (SA)
Registered Auditors

19 June 2020

2 Fairbairn street
Rynfield
Benoni

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Director's Report

The director has pleasure in submitting his report on the annual financial statements of the company for the year ended 29 February 2020.

1. Incorporation

The company was incorporated on 29 January 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Lomeza Mining Services (Pty) Ltd was incorporated in South Africa with interests in the Mining industry. The company operates in South Africa.

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

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

4. Share capital

	2020		2019	
Number of authorised shares	Number of shares			
Ordinary shares	1,000		1,000	
Issued	2020	2019	2020	2019
	R		Number of shares	
Ordinary shares	1,000	1,000	1,000	1,000

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the director may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the director may pass on the payment of dividends.

Given the current state of the global economic environment, the director believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the director has resolved not to declare a dividend for the financial year ended 29 February 2020.

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

6. Director

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

Director
PS Mkhonza

There have been no changes to the directorate for the period under review.

7. Director interests in shares

As at 29 February 2020, the director of the company held direct and indirect beneficial interests in 100% (2019: 100%) of its issued ordinary shares, as set out below.

Interest in shares

Lomeza Mining Services (Pty) Ltd
Annual Financial Statements for the year ended 29 February 2020

Director's Report

Director	2020 Direct	2019 Direct
PS Mkhonza	100	100

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

8. Events after the reporting period

The entity is aware that on the 5th of March 2020 South Africa recorded its first positive case of the coronavirus. On the 11th of March 2020, the World Health Organization ('WHO') declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On the 15th of March 2020, the South African President declared the pandemic a National State of Disaster and on the 23rd of March 2020, a national lockdown was ordered in terms of the Disaster Management Act, 57 of 2002 from the 26th of March 2020.

This order was subsequently extended to 30 April 2020. On 01 May 2020 limited restrictions were lifted based on publications. It is expected that the entity will be negatively impacted as a result. Furthermore, in light of the fact that the impact of the pandemic cannot easily be determined, management is assessing the ever-changing landscape and its impact on the entity on a regular basis ensuring decisive actions are taken under these circumstances, and that the entity remains a going concern and it's expected to recover from the effects of the pandemic (COVID-19).

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

9. Going concern

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The director has satisfied himself 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 director is not aware of any new material changes that may adversely impact the company. The director 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 company.

10. Auditors

LG Edwards Incorporated commenced in office as auditors for the company for 2020.

At the AGM, the shareholders will be requested to reappoint LG Edwards Incorporated as the independent external auditors of the company and to confirm Mr Louis Fourie CA(SA) as the designated lead audit partner for the 2021 financial year.

11. Secretary

The company has no secretary.

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	220,015,009	103,761,971
Deferred tax	4	942,693	-
		220,957,702	103,761,971
Current Assets			
Trade and other receivables	5	35,162,022	20,488,251
Cash and cash equivalents	6	13,263,994	13,169,059
		48,426,016	33,657,310
Total Assets		269,383,718	137,419,281
Equity and Liabilities			
Equity			
Share capital		1,000	1,000
Retained income		52,406,888	10,816,845
		52,407,888	10,817,845
Liabilities			
Non-Current Liabilities			
Loans from related parties	3	2,599,514	2,684,391
Loan accounts	7	43,236,680	62,219,599
Installment sale agreements	8	75,854,598	26,222,619
Deferred tax	4	2,177,783	-
		123,868,575	91,126,609
Current Liabilities			
Trade and other payables	10	10,226,712	14,544,549
Installment sale agreements	8	60,735,916	16,170,238
Current tax payable		18,777,866	4,760,040
Provisions	9	3,366,761	-
		93,107,255	35,474,827
Total Liabilities		216,975,830	126,601,436
Total Equity and Liabilities		269,383,718	137,419,281

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	11	264,086,845	168,788,417
Cost of sales	12	(80,416,955)	(110,272,452)
Gross profit		183,669,890	58,515,965
Other income		230,780	766,695
Operating expenses		(112,922,502)	(46,006,368)
Operating profit		70,978,168	13,276,292
Investment revenue	13	114,323	-
Finance costs	14	(12,760,301)	(2,386,012)
Profit before taxation		58,332,190	10,890,280
Taxation	15	(16,742,147)	(3,270,809)
Profit for the year		41,590,043	7,619,471

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 March 2018	1,000	3,197,374	3,198,374
Profit for the year	-	7,619,471	7,619,471
Balance at 01 March 2019	1,000	10,816,845	10,817,845
Profit for the year	-	41,590,043	41,590,043
Total changes	-	-	-
Balance at 29 February 2020	1,000	52,406,888	52,407,888

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	16	86,714,373	17,964,692
Interest income		114,323	-
Finance costs		(12,760,301)	(2,386,012)
Tax (paid) received	17	(1,489,231)	266,787
Net cash from operating activities		72,579,164	15,845,467
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(147,796,296)	(109,469,861)
Sale of property, plant and equipment	2	182,206	(13,677)
Net cash from investing activities		(147,614,090)	(109,483,538)
Cash flows from financing activities			
Repayment of loan accounts		(18,982,919)	63,800,688
Repayment of related party loans		(84,877)	2,684,391
Finance lease payments		94,197,657	41,646,136
Net cash from financing activities		75,129,861	108,131,215
Total cash movement for the year		94,935	14,493,144
Cash at the beginning of the year		13,169,059	1,360,299
Total cash at end of the year	6	13,263,994	15,853,443

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

Item	Depreciation method	Average useful life
Containers	Straight line	10 Years
Furniture and fixtures	Straight line	6 Years
Motor vehicles	Straight line	4 Years
Office equipment	Straight line	3 Years
Plant and equipment	Straight line	5 Years
Radio equipment	Straight line	5 Years
Tools and equipment	Straight line	5 Years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Accounting Policies

1.2 Tax (continued)

Deferred tax assets and liabilities

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

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

Deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC 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.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.3 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.4 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.5 Borrowing costs

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

Lomez Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Containers	611,229	(95,262)	515,967	443,259	(42,468)	400,791
Furniture and fixtures	433,721	(155,099)	278,622	412,443	(86,135)	326,308
Land and buildings	6,554,850	-	6,554,850	6,450,000	-	6,450,000
Motor vehicles	4,306,935	(1,268,125)	3,038,810	3,519,145	(582,513)	2,936,632
Office equipment	268,490	(81,250)	187,240	102,476	(15,345)	87,131
Plant and equipment	247,213,786	(38,213,019)	209,000,767	101,129,338	(7,858,010)	93,271,328
Radio equipment	502,006	(109,522)	392,484	257,270	(28,689)	228,581
Tools and equipment	74,650	(28,381)	46,269	74,650	(13,450)	61,200
Total	259,965,667	(39,950,658)	220,015,009	112,388,581	(8,626,610)	103,761,971

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Containers	400,791	167,969	-	(52,793)	515,967
Furniture and fixtures	326,308	21,278	-	(68,964)	278,622
Land and buildings	6,450,000	104,850	-	-	6,554,850
Motor vehicles	2,936,632	1,007,002	(133,630)	(771,194)	3,038,810
Office equipment	87,131	166,014	-	(65,905)	187,240
Plant and equipment	93,271,328	146,084,448	-	(30,355,009)	209,000,767
Radio equipment	228,581	244,735	-	(80,832)	392,484
Tools and equipment	61,200	-	-	(14,931)	46,269
	103,761,971	147,796,296	(133,630)	(31,409,628)	220,015,009

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Containers	164,840	269,203	(33,252)	400,791
Furniture and fixtures	259,658	121,870	(55,220)	326,308
Land and buildings	-	6,450,000	-	6,450,000
Motor vehicles	723,684	2,698,684	(485,736)	2,936,632
Office equipment	-	102,476	(15,345)	87,131
Plant and equipment	1,469,675	99,629,148	(7,827,495)	93,271,328
Radio equipment	72,036	183,725	(27,180)	228,581
Tools and equipment	59,895	14,755	(13,450)	61,200
	2,749,788	109,469,861	(8,457,678)	103,761,971

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings 7 & 8:

Plant and equipment	166,544,163	-
Motor vehicles	201,654	-

3. Loans to (from) related parties

Shareholder Loan	(2,599,514)	(2,684,391)
The loan is unsecured, interest free and do not have any fixed repayment terms.		

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
4. Deferred tax		
Deferred tax liability	(2,177,783)	-
Deferred tax asset	942,693	-
Total net deferred tax liability	(1,235,090)	-
Reconciliation of deferred tax asset/(liability)		
Recognised in profit or loss:		
Movement in temporary differences on property, plant and equipment	(2,177,783)	-
Movement in temporary differences on leave pay provisions	942,693	-
	(1,235,090)	-
At end of year	(1,235,090)	-
5. Trade and other receivables		
Trade receivables	35,023,357	20,350,418
Deposits	138,665	137,833
	35,162,022	20,488,251
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Nedbank current account	13,086,208	13,069,059
Money Trader account	127,649	100,000
Standard bank call deposit account	50,137	-
	13,263,994	13,169,059
7. Loan accounts		
At amortised cost		
Baitumetse Construction	(144,646)	232,919
The above loan is unsecured, carries interest at 7.25% and do not have any fixed repayment terms.		
Sileko Lime	(1,199)	(1,112)
The above loan is unsecured, carries interest at 7.25% and do not have any fixed repayment terms.		
Spanda Transport	(366,070)	(200,000)
The above loan is unsecured, carries interest at 7.25% and do not have any fixed repayment terms.		
Baitumetse Aggregates	(1,770,215)	435,000
The above loan is unsecured, carries interest at 7.25% and do not have any fixed repayment terms.		
Quartile Capital (Pty) Ltd	43,750,311	58,754,293
The loan is secured via a Notarial Bond that is registered on the financed assets acquired. The loan carries no interest and is repayable in equal monthly installments of R1,250,000.		
Lomeza Opencast Operations	1,768,499	2,998,499
The above loan is unsecured, carries interest at 0% and do not have any fixed repayment terms.		
	43,236,680	62,219,599
Non-current liabilities		
At amortised cost	43,236,680	62,219,599

Lomeza Mining Services (Pty) Ltd
Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
8. Installment sale agreements		
Non-current liabilities	75,854,598	26,222,619
Current liabilities	60,735,916	16,170,238
	136,590,514	42,392,857

It is company policy to purchase certain motor vehicles and equipment under installment sale agreements.

The average repayment term is 3 years and the average effective borrowing rate is 11%.

Interest rates are linked to prime at the purchase date. All loans have fixed repayments. There are no restrictions imposed by the installment sale agreements..

The company's obligations under installment sale agreements are secured by the purchased assets.

9. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Total
Provisions for employee benefits - Leave pay	-	3,366,761	3,366,761

10. Trade and other payables

Trade payables	3,027,872	13,246,265
VAT	5,986,639	1,169,445
Payments to employees	33,476	128,839
Accrual - Compensation commissioner	1,058,725	-
Other payables	120,000	-
	10,226,712	14,544,549

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand		2020	2019	
11. Revenue				
Rendering of services		264,086,845	168,788,417	
		Quantity	2019 Rate	
			2020 Rate	
			Total	
Sales - Leeuwpan	Preliminary and general	-	-	21,723,697.25
	Load and Haul - Topsoil	146,762.00	16.97	2,490,551.14
	Load and Haul - Topsoil	9,612.00	-	171,285.84
	Load and Haul - Topsoil (500-1000m)	52,919.00	18.82	995,935.58
	Load and Haul - Topsoil (500-1000m)	27,627.00	-	545,909.52
	Load and Haul - Subsoil	690,023.00	19.40	13,386,446.20
	Load and Haul - Subsoil	469,945.00	-	9,572,779.65
	Load and Haul - Subsoil (500-1000m)	2,100,050.00	21.52	45,193,076.00
	Load and Haul - Subsoil (500-1000m)	145,797.00	-	3,295,012.20
	Load and Haul - Subsoil (>1000m)	207,134.00	21.81	4,517,592.54
	Load and Haul - Subsoil (>1000m)	363,883.00	-	8,332,920.70
	Load and Haul - Hards	2,645,347.00	21.72	57,456,936.84
	Load and Haul - Hards	459,161.00	-	10,473,462.41
	Load and Haul - Hards (500-1000m)	1,655,534.00	24.09	39,881,814.06
	Load and Haul - Hards (500-1000m)	234,907.00	-	5,940,798.03
	Drilling Sandstone	209,549.00	112.86	23,649,700.14
	Drilling Sandstone	64,082.00	-	7,593,717.00
	Drilling Coal	73,116.00	73.64	5,384,262.24
	Drilling Coal	10,513.00	-	812,865.16
	Employee Incentive Bonus	-	-	1,085,913.43
	Management fees	-	-	1,175,819.13
Sales - B & E International				
Sales - Plantcor Mining	Plant Hire	-	-	406,350.00
				64,086,845.06
12. Cost of sales				
Rendering of services				
Cost of sales - Matla		-	15,489	
Cost of sales - Leeuwpan		79,789,955	110,248,801	
Cost of sales - Geology and planning		627,000	8,162	
		80,416,955	110,272,452	
13. Investment revenue				
Interest revenue				
Bank		27,786	-	
Other interest		86,537	-	
		114,323	-	
14. Finance costs				
Non-current borrowings		12,748,417	2,384,926	
Interest paid creditors/overdraft		11,884	1,086	
		12,760,301	2,386,012	

Lomeza Mining Services (Pty) Ltd
Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
15. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	15,507,057	3,270,809
Deferred taxation		
South African deferred tax - current year	1,235,090	-
	16,742,147	3,270,809
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	58,332,190	10,890,280
Tax at the applicable tax rate of 28% (2019: 28%)	16,333,013	3,049,278
Non-deductible expenses		
Penalties and interest SARS	409,134	218,729
Donations not deductible	-	2,800
	16,742,147	3,270,807
16. Cash generated from operations		
Profit before taxation	58,332,190	10,890,280
Adjustments for:		
Depreciation and amortisation	31,409,628	8,457,678
(Profit) loss on sale of assets	(48,576)	13,677
Interest received	(114,323)	-
Finance costs	12,760,301	2,386,012
Movements in provisions	3,366,761	-
Changes in working capital:		
Trade and other receivables	(14,673,771)	(11,886,482)
Trade and other payables	(4,317,837)	8,103,527
	86,714,373	17,964,692
17. Tax (paid) refunded		
Balance at beginning of the year	(4,760,040)	(1,222,444)
Current tax for the year recognised in loss	(15,507,057)	(3,270,809)
Balance at end of the year	18,777,866	4,760,040
	(1,489,231)	266,787

Lomeza Mining Services (Pty) Ltd
Annual Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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18. Related parties

Relationships

Director with significant influence - PS Mkhonza

Sileko Lime (Pty) Ltd
 Baitumetse Aggregates (Pty) Ltd
 Lomeza Opencast Operations (Pty) Ltd

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing (to) by related parties

Sileko Lime (Pty) Ltd	1,199	1,112
Baitumetse Aggregates (Pty) Ltd	1,770,215	(435,000)
Lomeza Opencast Operations (Pty) Ltd	(1,768,499)	(2,998,499)

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
Rendering of services		<u>264,086,845</u>	<u>168,788,417</u>
Cost of sales			
Purchases		<u>(80,416,955)</u>	<u>(110,272,452)</u>
Gross profit		183,669,890	58,515,965
Other income			
Insurance proceeds		182,204	766,695
Gains on disposal of assets		48,576	-
		<u>230,780</u>	<u>766,695</u>
Expenses (Refer to page 21)		(112,922,502)	(46,006,368)
Operating profit		70,978,168	13,276,292
Investment income	14	114,323	-
Finance costs	14	<u>(12,760,301)</u>	<u>(2,386,012)</u>
		(12,645,978)	(2,386,012)
Profit before taxation		58,332,190	10,890,280
Taxation	15	<u>(16,742,147)</u>	<u>(3,270,809)</u>
Profit for the year		41,590,043	7,619,471

Lomeza Mining Services (Pty) Ltd

Annual Financial Statements for the year ended 29 February 2020

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Operating expenses			
Accounting fees		169,753	9,300
Admin fees		640,962	468,763
Advertising		6,976	39,267
Assets less than R7000		3,250	-
BEE expenses		39,651	-
Bank charges		80,361	76,364
CIPC levy		4,000	-
Cleaning		248,191	76,338
Computer expenses		226,308	290,049
Consulting fees		354,543	266,370
Depreciation		31,409,628	8,457,678
Donations		-	10,000
Entertainment		-	1,439
Insurance		1,690,880	636,474
Interest and penalties		1,461,194	781,176
Levies		61,723	-
Motor vehicle expenses		1,531,599	1,409,669
Printing and stationery		576,925	232,851
Profit and loss on sale of non-current assets		-	13,677
Rent paid		1,571,990	1,304,966
Repairs and maintenance		50,096	278,004
Salaries and wages		70,751,932	30,691,215
Security		277,414	166,472
Staff training		159,762	232,209
Staff welfare		1,435,546	480,344
Telephone and fax		122,363	-
Travel and accommodation		47,455	83,743
		112,922,502	46,006,368

Lomez Mining Services (Pty) Ltd

(Taxpayer reference number 9411909170)

Annual Financial Statements for the year ended 29 February 2020

Tax Computation

Figures in Rand	2020
Net profit per income statement	58,332,190
Permanent differences (Non-deductible/Non taxable items)	
Interest, penalties paid in respect of taxes (s23(d))	1,461,194
Temporary differences	
Depreciation according to financial statements	31,495,210
Wear and tear allowance (s11(e))	(39,273,008)
Provisions not deductible current year (leave pay)	3,366,761
	(4,411,037)
Imputed net income from CFC	-
Assessed loss brought forward	-
Taxable income for 2020	55,382,347
Tax thereon @ 28% in the Rand	15,507,057
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	4,760,040
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	(1,489,231)
Amount owing/(prepaid) in respect of prior year	3,270,809
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	15,507,057
1st provisional payment	-
2nd provisional payment	-
Other payments	-
Amount owing/(prepaid) at the end of year	18,777,866