

Merafe Resources Limited

(Registration number 1987/003452/06)

Consolidated and Separate Annual Financial Statements for the year ended 31 December 2022

Notes to the Consolidated And Separate Annual Financial Statements

30. Commitments

Commitments relating to the Venture

The Group's capital commitments at year end in respect of the Venture were:

	Group	
	2022 R'000	2021 R'000
Contracted for but not provided for	155,209	99,012
Authorised but not contracted for	234,597	302,661
	389,806	401,673

31. Contingencies

The Group is subject to direct and indirect tax in the South African jurisdiction. The Group's subsidiary undertakes various cross-border transactions within the Venture, subject to the Group's transfer pricing policies. As a result, significant judgement is required in determining the Group's provision for income taxes. The income tax and annual assessments are subject to examination within prescribed periods by the South African Revenue Services (SARS).

On 16 August 2022, the tax authority issued a letter of findings against the Group's operating entity, Merafe Ferrochrome. The matter relates to transfer pricing audit findings for the 2016 and 2017 years of assessment which the Group is contesting with SARS. At 31 December 2022, the tax matter was still ongoing and management obtained opinions from external legal and tax advisers to inform and support the significant judgement required in interpreting relevant tax legislation. The matter has been disclosed as a contingent liability as the matter is in the early stages, its outcome remains uncertain and any potential tax exposure cannot be reliably estimated. Accordingly, no adjustment for any effects on the Group has been made in the consolidated financial statements.