

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

5. Investment in subsidiaries

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

Company

Directly held	Issued share capital		Percentage holding 2022	Percentage holding 2021	Carrying amount 2022*	Carrying amount 2021*
	Number of shares 2022	Number of shares 2021				
Merafe Chrome and Alloys (Pty) Ltd	200	200	100 %	100 %	-	-
Merafe Ferrochrome	400	400	100 %	100 %	-	-
					-	-

The Company's share in the profits of subsidiaries for the year ended 31 December 2022 amounted to R1 422m (2021: R1 689m).

* Less than R1,000

Controlled entities

Merafe Kroondal Rehabilitation Trust is consolidated as it is a controlled entity of the Company.

Refer to note 1.3 for further details on consolidation of controlled entities. There have been no significant changes in the nature and risks associated with this entity.

6. Investment in associate

The following table lists the associate of the Group. The investment in associate, being Impala Chrome (Pty) Ltd (Impala Chrome), is as a result of the acquisition of the 20.5% interest in Unicorn Chrome which has been proportionately consolidated in the consolidated financial statements. Unicorn Chrome is jointly controlled by the Group and GOSA. Unicorn Chrome holds the 31.15% investment in Impala Chrome. The Group's effective shareholding in Impala Chrome equates to 20.5% of 31.15%.

Group

Name of company	Method	% effective ownership interest 2022	% effective ownership interest 2021	Carrying amount 2022 R'000	Carrying amount 2021 R'000
Impala Chrome (Pty) Ltd	Equity accounting	6.39	6.39	6,709	2,765

The principal place of business of Impala Chrome is the North West province.

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Figures in Rand thousand

6. Investment in associate (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income

	Impala Chrome	
	2022	2021
Revenue	481,095	318,009
Other income and expenses	(397,748)	(302,539)
Profit before tax	83,347	15,470
Tax expense	(21,596)	(5,854)
Profit	61,751	9,616
Total comprehensive income	61,751	9,616

Summarised Statement of Financial Position

	Impala Chrome	
	2022	2021
Assets		
Non-current	52,914	66,758
Current	244,810	110,767
Total assets	297,724	177,525
Liabilities		
Non-current	63,379	58,364
Current	98,970	45,540
Total liabilities	162,349	103,904
Total net assets	135,375	73,621

Reconciliation between the associate's summarised financial information and the carrying amount of the associate

Associate closing net assets (equity)	135,375	73,621
Group's share in %	6.39 %	6.39 %
Group's share in net assets	8,645	4,701
Other adjustments	(1,936)	(1,936)
Carrying amount in Group	6,709	2,765

Reconciliation of the carrying value of investment in associate

Investment at beginning of period	2,765	2,151
Share of earnings of associate	3,944	614
Investment at end of the year	6,709	2,765

Associates with different reporting dates

The end of the reporting year of Impala Chrome is 30 June. The financial information used in the consolidation results is as at 31 December 2022. In reporting the financial information for the associate, information from 1 January 2022 to 31 December 2022 has been reported, using management accounts.