28. Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses appropriate valuation techniques when sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Refer to note 1.20 for the accounting policy and valuation of these financial instruments.

The Group's assets and liabilities that are measured at fair value are classified into different levels based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:
- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

R'000	Level 1	Level 2	Level 3	Total
Group 2024				
Financial asset				
Trade receivable held at fair value through profit or loss	–	73 486	–	73 486
Long-term receivable	–	–	64 260	64 260
	–	73 486	64 260	137 746
Group 2023				
Financial asset				
Trade receivable held at fair value through profit or loss	–	66 931	–	66 931
Long-term receivable	–	–	37 287	37 287
	–	66 931	37 287	104 218

The following valuation techniques are used in measuring Level 2 and Level 3 fair value for financial instruments:

Level 2 are based on quoted market metal prices and exchange rates.

Level 3 instruments are determined with a discounted cash flow model using risk-free ZAR interest rate, exchange rates and long-term forecast commodity prices.

There were no transfers between fair value hierarchy levels in the current and prior years. There was no change in valuation techniques compared to the prior year.

Reconciliation of level 3 financial assets

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

Group	R'000
Balance at 1 January 2023	38 663
Loss recognised in profit or loss	(1 376)
Balance at 31 December 2023	37 287
Gain recognised in profit or loss	26 973
Balance at 31 December 2024	64 260