Skorpion Mining Company Proprietary Limited

(Registration number 98/384)

Annual Financial Statements
for the year ended 31 March 2025

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Exploration, development, production and sale of zinc ore
Directors	C Griffith P Singla
Registered office	24 Orban Street Klein Windhoek Windhoek Namibia
Postal address	PO Box 30 Klein Windhoek Windhoek Namibia
Holding company	Skorpion Zinc Proprietary Limited incorporated in Namibia
Ultimate holding company	Vedanta Resources Limited incorporated in United Kingdom
Bankers	Standard Bank Namibia Limited
Auditors	Ernst & Young Namibia
Secretary	Leone Wolhuter 3a Southport Building Southern Industrial Hosea Kutako Drive Windhoek Namibia
Company registration number	98/384
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of Namibia, 2004.
Preparer	The annual financial statements were independently compiled by: HTCO Financial Services Proprietary Limited

Contents

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

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia, 2004 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their 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 IFRS as issued by the International Accounting Standards Board (IASB). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 directors are 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 directors have reviewed the company's cash flow forecast for a period of 12 months after signing date and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 and 5.

The annual financial statements set out on pages 6 to 37, which have been prepared on the going concern basis, were approved by the board of directors on 06 June 2025 and were signed on their behalf by:

Approval of financial statements

Signed by:Pushpender Pushpender
Signed at:2025-06-06 12:39:08 +02:00
Reason:Witnessing Pushpender Pushpe

P Singla

Signed by:Christopher Ivan Griffith
Signed at:2025-06-06 09:48:22 +02:00
Reason:Witnessing Christopher Ivan Griff

C Griffith

Shape the future
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SKORPION MINING COMPANY (PROPRIETARY) LIMITED

Opinion

We have audited the annual financial statements of Skorpion Mining Company (Proprietary) Limited ('the Company') set out on pages 6 to 37, which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of material accounting policy information and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards*) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the general information, the contents and the directors' responsibilities and approval, which we obtained prior to the date of this auditor's 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 that we 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.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, we exercise professional judgement and maintain professional skepticism 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 directors.
- Conclude on the appropriateness of the directors' 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 directors 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.

Ernst & Young.

Ernst & Young Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Floris Marx
Partner

Windhoek, Namibia

6 June 2025

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Skorpion Mining Company Proprietary Limited for the year ended 31 March 2025.

1. Nature of business

Skorpion Mining Company Proprietary Limited was incorporated in Namibia with interests in the Mining industry. The company operates in Namibia.

The company is the holder of Mining Licence ML108 which holds the exclusive right to mine precious, base and rare metals over a certain portion of land in the Karas region, near Rosh Pinah. The mining licence was issued on 31 July 2000 for a period of twenty-five years. The company mines zinc ore by conventional open pit method. The ore is sold to Namzinc Proprietary Limited. The company also conducts exploration activities.

On the 31 of March 2020 the mine was put into care and maintenance after a series of slope failures that occurred in the 2020 financial year. The pit has been assessed by a series of industry experts who have concluded that the pit is mineable and a new mine plan has been developed. The directors currently expect mining to resume in the 2027 financial year. The directors estimate this will take eight months from the restart of mining operations to fully mine the declared ore resources in the pit. The board has approved management's plan to restart mining operations. Skorpion Mining Company Proprietary Limited 's mining license expires in July 2025. Renewal application was submitted to Ministry of Mines and Energy on 18 March 2025. Management expect no delays in issue of this license.

A letter of financial support for the company has been issued by the Black Mountain Mining Proprietary Limited ("BMM") entity in light of the operations being in care and maintenance, the letter confirms that the company will be able to meet its financial obligations as they fall due. Additionally, Namzinc Proprietary Limited has agreed to assist Skorpion Mining Company Proprietary Limited by subordinating, subject to certain terms and conditions, the total loan of N$5,897,500,864 (2024: N$5,854,869,288) with Skorpion Mining Company Proprietary Limited, in favour of, and for the benefit of other creditors of Skorpion Mining Company Proprietary Limited.

Management have performed a discounted cash flow calculation as at 31 March 2025 using only ore expected to be received from Pit 112. The directors are comfortable that the assets are not impaired as at 31 March 2025.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, 2004. 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.

3. Share capital

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

4. Dividends

The board of directors do not recommend the declaration of a dividend for the year (2024: nil).

5. Directorate

The directors in office during the year and at the date of this report are as follows:

Directors	Office	Designation	Nationality	Changes
C Griffith	Chief Executive Officer	Executive	South African	
P Singla	Chief Financial Officer	Executive	Indian	
P Van Greunen	Chief Operating Officer	Executive	South African	Resigned 30 April 2024

Directors' Report

6. Holding company

The company's holding company is Skorpion Zinc Proprietary Limited which holds 100% (2024: 100%) of the company's equity. Skorpion Zinc Proprietary Limited is incorporated in Namibia.

7. Events after the reporting period

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

8. Going concern

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

The company made a loss of N$25,258,601 for the year ended 31 March 2025 (2024: N$34,985,639) and, as at that date its total liabilities exceeded its total assets by N$3,178,395,000 (2024: N$3,153,136,000). Current liabilities exceed current assets by N$3,868,617,000 (2024: N$3,850,518,000). The company continues to incur losses.

Namzinc Proprietary Limited has agreed to assist Skorpion Mining Company Proprietary Limited by subordinating, subject to certain terms and conditions, the total loan of N$5,897,500,864 (2024: N$5,854,869,288) with Skorpion Mining Company Proprietary Limited, in favour of, and for the benefit of other creditors of Skorpion Mining Company Proprietary Limited.

The loan payable between the company and Namzinc Proprietary Limited has been subordinated in favour of other creditors. In addition a letter of financial support for the company has been issued by the Black Mountain Mining Proprietary Limited confirming that the company will be able to meet its financial obligations as they fall due.

9. Secretary

The company secretary is Mr Leone Wolhuter.

Business address: 3a Southport Building
Southern Industrial
Hosea Kutako Drive
Windhoek
Namibia

10. Terms of appointment of the auditors

Ernst & Young Namibia were appointed as the company's auditors for the year, in accordance with Section 278(2) of the Companies Act of Namibia.

Statement of Financial Position as at 31 March 2025

	Note	2025 N$ '000	2024 N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	723,707	783,419
Investments in Gergarub	4	48,075	-
		771,782	**783,419**
Current Assets			
Inventories	5	48,120	44,188
Loans to group companies	6	2,390,013	2,369,309
Trade and other receivables	7	11,244	11,774
Cash and cash equivalents	8	79	313
		2,449,456	**2,425,584**
Total Assets		**3,221,238**	**3,209,003**
Equity and Liabilities			
Equity			
Share capital	9	1	1
Accumulated loss		(3,178,396)	(3,153,137)
		(3,178,395)	**(3,153,136)**
Liabilities			
Non-Current Liabilities			
Provisions	10	81,560	86,037
Current Liabilities			
Trade and other payables	11	3,586	4,247
Loans from group companies	12	6,314,487	6,271,855
		6,318,073	**6,276,102**
Total Liabilities		**6,399,633**	**6,362,139**
Total Equity and Liabilities		**3,221,238**	**3,209,003**

Statement of Profit or Loss and Other Comprehensive Income

	Note	2025 N$ '000	2024 N$ '000
Other operating income	13	837	155
Other operating expenses		(18,948)	(27,742)
Operating loss	14	**(18,111)**	**(27,587)**
Investment income	15	12	149
Finance costs	16	(7,160)	(7,548)
Loss before taxation		**(25,259)**	**(34,986)**
Taxation	17	-	-
Loss for the year		**(25,259)**	**(34,986)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(25,259)**	**(34,986)**

Statement of Changes in Equity

	Share capital N$ '000	Accumulated loss N$ '000	Total equity N$ '000
Balance at 1 April 2023	**1**	**(3,118,151)**	**(3,118,150)**
Loss for the year	-	(34,986)	(34,986)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(34,986)**	**(34,986)**
Balance at 1 April 2024	**1**	**(3,153,137)**	**(3,153,136)**
Loss for the year	-	(25,259)	(25,259)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(25,259)**	**(25,259)**
Balance at 31 March 2025	**1**	**(3,178,396)**	**(3,178,395)**
Note	9		

Statement of Cash Flows

	Note	2025 N$ '000	2024 N$ '000
Cash flows from operating activities			
Cash used in operations	18	(22,174)	(28,725)
Finance income	15	12	149
Net cash from operating activities		**(22,162)**	**(28,576)**
Cash flows from investing activities			
Loans advanced to group companies	19	(20,704)	(11,135)
Cash flows from financing activities			
Repayments of loans from group companies	19	42,632	36,965
Total cash movement for the year		**(234)**	**(2,746)**
Cash and cash equivalents at the beginning of the year		313	3,170
Profit on foreign exchange on cash and cash equivalents		-	(111)
Cash and cash equivalents at the end of the year	8	**79**	**313**

Accounting Policies

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual financial statements.

Accounting policies which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS as issued by the International Accounting Standards Board (IASB) have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.The material accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the and the Companies Act of Namibia, 2004.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Investments in Gergarub

Investments in Gergarub are accounted for using the equity method, being cost adjusted for post acquisition changes in the company's share of net assets, less any impairment losses.

1.3 Other explanatory notes

Care and maintenance

On the 31st of March 2020 the mine was put into care and maintenance after a series of slope failures that occurred in the 2020 financial year. The pit has been assessed by a series of industry experts who have concluded that the pit is mineable and a new mine plan has been developed. The directors currently expect mining to resume after finalisation of the agreement with Namibian Government. The directors estimate this will take eight months from the restart of mining operations to fully mine the declared ore resources in the pit. A letter of support for the company has been issued by the Black Mountain Mining entity in light of the operations being in care and maintenance, the letter confirms that the company will be able to meet its financial obligations as they fall due.

Management has performed a discounted cash flow calculation as at 31 March 2025 using only ore expected to be received from Pit 112. Should, for any reason, the conversion of Namzinc (Proprietary) Limited's refinery not be approved by the board the present value of future expected cash flows from the processing, refining and sale of the remaining oxide ore are greater than the net book value of the mining and refinery assets and therefore the directors are comfortable that the assets are not impaired as at the 31 March 2025.

1.4 Material judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Accounting Policies

1.4 Material judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Ore reserve and resources estimates

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the unit of production method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The company estimates its ore reserves and mineral resources (Life of Mine (LOM) plan) annually based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

Fair value estimation

All non-current liabilities carrying amounts are a reasonable approximation of fair value.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Trade receivables subject to provisional pricing are already carried at fair value.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the company have assessed that the fair values of cash and cash equivalents, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The company measures financial instruments, such as provisionally priced trade receivables, at fair value at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or CGU at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; and
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Accounting Policies

1.4 Material judgements and sources of estimation uncertainty (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these annual financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share based payments, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the annual financial statements are categorised within the fair value hierarchy.

For assets and liabilities that are recognised in the annual financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Significant estimates and assumption

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When the fair values of non-financial assets/CGU need to be determined, e.g., for the purposes of calculating fair value less cost to dispose for impairment testing purposes, they are measured using valuation techniques including the DCF model.

The company's principal financial liabilities, comprise accounts payable. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the company's capital expenditure programme. The company's principal financial assets and provisionally priced trade receivables, comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

Risk exposures and responses

The company manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets while protecting future financial security. The main risks that could adversely affect the company's financial assets, liabilities or future cash flows are market risks comprising: commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residuals are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, life-of-mine plan and maintenance programmes are taken into account. Residual value assessments take into account issues such as future market conditions, the remaining life of the asset and projected disposal values.

Accounting Policies

1.4 Material judgements and sources of estimation uncertainty (continued)

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 10.

Estimating the future costs of environment and rehabilitation obligations is complex and requires management to make estimates and judgements as most of the obligations will be fulfilled in future and contracts and laws are often not clear regarding what is required. The resulting provision is further influenced by changing technologies and environmental, safety, business and statutory considerations.

Life-of-mine review

The life-of-mine ("LOM") plan is reviewed annually. The LOM plan takes into account an expectation of the changes in commodity prices, foreign exchange rates, fixed and variable mining cost, zinc grade and capital expenditure. The LOM is now estimated to be 5 years.

Inventory valuation - stockpiles

Stockpiles are valued by estimating the zinc content in tons and applying the average cost method to the tons in stock. Zinc content of stockpiles is quantified by performing geological samples on the stockpiles in order to determine the grade (expressed as a percentage). This percentage is then applied to the total tons of ore in the stockpile.

1.5 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 year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the company is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

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.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Accounting Policies

1.5 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account 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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or de-recognised.

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised.

Mining properties and plant and equipment are depreciated down to their residual values with reference to the expected units of production using the life of mine method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write-down to the recoverable amount is charged to profit or loss.

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

Item	Depreciation method	Average useful life
Buildings	Units of production	Lower of 8 years / Life of mine
Plant and machinery	Straight line	Lower of 8 years / Life of mine
Mine Properties & Leases	Units of production	Lower of 8 years / Life of mine

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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 de-recognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the de-recognition 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 de-recognised.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. The discount rate applied is based upon the directors' best estimate of weighted average cost of capital, with appropriate adjustment made for local conditions.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Accounting Policies

1.5 Property, plant and equipment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Research expenditure is written off in the period in which it is incurred until such time as an economic reserve is defined. When a decision is taken that a mining property is viable for commercial production, all further pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production. Capitalised pre-production expenditure is amortised from the date commercial production commences over the economic life of the mine.

Stripping costs

Stripping costs to be recognised as part of an asset (either as inventory or as non-current asset), if the following conditions are met:

- It is probable that the future economic benefits (improved access to an ore body) associate with the stripping activity will follow to the entity;
- The entity can identify the component of an ore body for which access has been improved; and
- The costs relating to the improved access to that component can be measured reliably. To the extent that the benefit creates improved access to ore to be mined in future periods, the entity must recognise these production stripping costs as non-current.

1.6 Site restoration and dismantling cost

The company has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- however, as an exception, if a decrease in the liability exceeds the carrying amount of the relating asset, the excess is recognised immediately in profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

These costs are charged to the statement of profit/(loss) over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the statement of profit/(loss).

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present value and charged to the statement of profit/(loss) as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

The provisions for restoration, rehabilitation and environmental liabilities represent the management’s best estimate of the costs which will be incurred in the future to meet the company’s obligations under existing Namibian law and the terms of the company’s mining and other licences and contractual arrangements.

The company recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

Accounting Policies

1.7 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 21 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies (note 6) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 15).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

1.7 Financial instruments (continued)

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty, etc,.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

Accounting Policies

1.7 Financial instruments (continued)

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 21).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Borrowings and loans from related parties

Classification

Loans from group companies (note 12) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 16).

Accounting Policies

1.7 Financial instruments (continued)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 21 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 11), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 16).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 21 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.8 Tax

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Accounting Policies

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in equity. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on the plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

1.12 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.13 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Sales of zinc;
- Sales of sulphuric acid; and
- Revenue from freight and shipping services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The company is principally engaged in the business of producing zinc and in some instances, provides freight or shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes excluding excise duty. Revenues from sale of by-products are included in revenue. Revenue from freight and insurance services is recognised over the period during which services are rendered.

Identification of the enforceable contract

For all ore sales, while there are master services agreements with its customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes, i.e., the customer is not required to buy any concentrate. The customer is only obliged to purchase metal when it places a purchase order for each shipment. Also, there are no terms which link separate purchase orders. For example, there are no rebates or discounts provided if a customer buys more than a specified amount each year, and there are no penalties that impact overall sales during a period. Therefore, for these arrangements, the enforceable contract has been determined to be each purchase order.

Accounting Policies

1.13 Revenue from contracts with customers (continued)

Application of the variable consideration constraint

For the company's long-term contracts that are subject to market-based prices, i.e., there is variable consideration, the company has assessed that at contract inception, this variable consideration will generally be significantly constrained. This is on the basis that the ultimate price they will receive will depend on a range of factors that are highly susceptible to factors outside the company's influence and include:

- Actions of third parties: the exact date that each shipment occurs (this is relevant because this is the date the market price is determined, or for provisionally priced sales, the date from which the quality procedure commences); and
- Volatile commodity market: the price to be received in the future is then based on market-based prices for highly liquid commodities.

The company's estimates of variable consideration and any disclosures provided in relation to the allocation of that variable consideration to unsatisfied performance obligations, are immaterial. In addition, the company applies the variable consideration allocation exception when allocating the future consideration to future performance obligations.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	1 January 2024	There was no material impact
• Non-current liabilities with covenants - amendments to IAS 1	1 January 2024	There was no material impact
• Lease liability in a sale and leaseback - amendments to IFRS 16	1 January 2024	There was no material impact

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture - amendments to IFRS 10 and IAS 28	Postponed indefinitely	Unlikely there will be a material impact
• Subsidiaries without Public Accountability: Disclosures - amendments to IFRS 19	1 January 2027	Unlikely there will be a material impact
• Presentation and Disclosure in Financial Statements - amendments to IFRS 18	1 January 2027	Unlikely there will be a material impact
• First-time Adoption of International Financial Reporting Standards - amendments to IFRS 1	1 January 2026	Unlikely there will be a material impact
• Financial Instruments: Disclosures - amendments to IFRS 7	1 January 2026	Unlikely there will be a material impact
• Financial Instruments - amendments to IFRS 9	1 January 2026	Unlikely there will be a material impact
• Consolidated Financial Statements - amendments to IFRS 10	1 January 2026	Unlikely there will be a material impact
• Statement of Cash flows - amendments to IAS 7	1 January 2026	Unlikely there will be a material impact
• Amendments to the Classification and Measurement of Financial Instruments - amendments to IFRS 9 and IFRS 7	1 January 2026	Unlikely there will be a material impact
• Lack of exchangeability - amendments to IAS 21	1 January 2025	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2025			2024		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	85,440	(80,224)	5,216	85,440	(80,224)	5,216
Plant and machinery	745,805	(720,842)	24,963	757,442	(720,842)	36,600
Mine Properties & Leases	1,332,775	(639,281)	693,494	1,332,775	(639,281)	693,494
Capital - Work in progress	34	-	34	48,109	-	48,109
Total	**2,164,054**	**(1,440,347)**	**723,707**	**2,223,766**	**(1,440,347)**	**783,419**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Reclassify to investment	Re-estimation - non cash flow	Total
	N$'000			N$'000
Buildings	5,216	-	-	5,216
Plant and machinery	36,600	-	(11,637)	24,963
Mine Properties & Leases	693,494	-	-	693,494
Capital - Work in progress	48,109	(48,075)	-	34
	783,419	**(48,075)**	**(11,637)**	**723,707**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Decom-missioning liability	Total
	N$'000	N$'000	N$'000
Buildings	5,216	-	5,216
Plant and machinery	37,395	(795)	36,600
Mine Properties & Leases	693,494	-	693,494
Capital - Work in progress	48,109	-	48,109
	784,214	**(795)**	**783,419**

Key assumptions used in impairment calculations are:	**2025**	**2024**
Foreign exchange rate (NAD/USD)	18.53	18.51
Average zinc price (USD/t)	2,745	2,452

All figures stated above are in nominal terms.

At 31 March 2025, no impairment was necessary relating to the Skorpion Project (2024: N$ Nil).

Details of properties

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

The company tests the total capital investment made in the operations annually for impairment indicators. The following cash generating unit has been identified:

	2025 N$ '000	2024 N$ '000

3. Property, plant and equipment (continued)

Mining activities : Skorpion Project

The recoverable amounts of the cash-generating unit are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, exchange rates and expected changes to commodity prices. Management estimates discount rates using pre-tax rates that reflect current market conditions of the time value of money and the risks specifically associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Changes in commodity prices are based on past practices and expectations of future changes in the market.

Management have performed a discounted cash flow calculation as at 31 March 2025 using only ore expected to be received Pit 112. The directors are comfortable that the recoverable amounts of the cash generating unit are determined from the value in use calculations. The key assumptions for the value in use calculations are those regarding the assets are not impaired as at 31 March 2025.

4. Investments in Gergarub

Name of company	% ownership interest 2025	% ownership interest 2024	Carrying amount 2025	Carrying amount 2024
Gergarub	51.00 %	51.00 %	48,075	-
			48,075	-

Gergarub Exploration and Mining (Proprietary) Limited is the holder of Mineral Deposit Retention License 2616 which holds the exclusive right to mine precious, base and rare metals over a certain portion of land in the Karas region, near Rosh Pinah.

The capital contribution by Skorpion Mining Company (Proprietary) Limited of N$48,075,290 into the Gergarub Exploration and Mining (Proprietary) Limited joint venture was reclassified from capital work in progress to investment in the current financial year, after agreement was reached with the joint venture partner Rosh Pinah Zinc Corporation to recognize cost as capital contribution.

5. Inventories

	2025	2024
Consumable stock	33,393	33,661
Work in progress	32,150	27,950
	65,543	61,611
Inventories (write-downs)	(17,423)	(17,423)
	48,120	**44,188**

The obsolete stock provision has been estimated based on the age of consumables and their rate of movement. This has been paused as the business is under care and maintenance.

Stockpiles are valued by estimating the zinc content in tons and applying the average cost method to the tons in stock. Zinc content of stockpiles is quantified by performing geological samples on the stockpiles in order to determine the grade (expressed as a percentage). This percentage is then applied to the total tons of ore in the stockpile. At year end, the estimation of grade and zinc content was:

	2025	2024
Stacker/reclaimer		
Average grade (%)	8.5	8.5
Zinc content (tons)	2 483	2 483
Mining stockpile		
Average grade (%)	5.07	5.07
Zinc content (tons)	1 532	1 532

	2025 N$ '000	2024 N$ '000

6. Loans to group companies

Fellow subsidiaries

	2025 N$ '000	2024 N$ '000
Namzinc Proprietary Limited	2,346,853	2,346,817
Gergarub Exploration and Mining (Proprietary) Limited	43,160	22,492
	2,390,013	**2,369,309**

Namzinc Proprietary Limited is a fellow subsidiary of Skorpion Mining Company Proprietary Limited. Both entities are wholly owned by Skorpion Zinc Proprietary Limited.

Settlement of the amount due from Namzinc Proprietary Limited is not expected until the company is, in turn, able to settle its liability with Namzinc Proprietary Limited.

The receivable is for sale of zinc ore to Namzinc Proprietary Limited and is denominated in Namibian Dollars.

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

7. Trade and other receivables

	2025 N$ '000	2024 N$ '000
Financial instruments:		
Trade receivables	1,358	1,724
Trade receivables - related parties	8,874	8,874
Loss allowance	(51)	(51)
Trade receivables at amortised cost	10,181	10,547
Non-financial instruments:		
Value added tax	1,063	1,090
Prepayments	-	137
Total trade and other receivables	**11,244**	**11,774**

Financial instrument and non-financial instrument components of trade and other receivables

	2025 N$ '000	2024 N$ '000
At amortised cost	10,181	10,547
Non-financial instruments	1,063	1,227
	11,244	**11,774**

An amount of N$ 50 943 (2024: N$ 50 943) was provided for as doubtful debt.

Notes to the Annual Financial Statements

	2025 N$ '000	2024 N$ '000

7. Trade and other receivables (continued)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025 N$ '000	2024 N$ '000
Bank balances	79	313

All cash balances are held in Namibian Dollars.

9. Share capital

	2025 N$ '000	2024 N$ '000
Authorised		
4,000 Ordinary shares of par value of N$1	4	4

3,900 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2025 N$ '000	2024 N$ '000
Issued		
100 ordinary shares of N$1 each	1	1

10. Provisions

Reconciliation of provisions - 2025

	Opening balance	Unwinding of discount	Reversed during the year	Total
Decommissioning Provision	5,131	430	(697)	4,864
Restoration Provision	80,906	6,730	(10,940)	76,696
	86,037	**7,160**	**(11,637)**	**81,560**

Reconciliation of provisions - 2024

	Opening balance	Unwinding of discount	Change in estimate	Total
Decommissioning Provision	4,735	444	(48)	5,131
Restoration Provision	74,660	6,994	(748)	80,906
	79,395	**7,438**	**(796)**	**86,037**

The provision for restoration, rehabilitation and environmental liabilities represent management's best estimate of the costs which will be incurred in the future to meet the company's obligations under existing Namibian law and the terms of the company's mining and other licences and contractual arrangements. These amounts are calculated using a discount rate of 8.35% (2024: 9.54%), inflation rate of 4.38% (2024: 5.04%) and become payable on closure of the mine at the end of March 2029 (2024: September 2025).

Notes to the Annual Financial Statements

	2025 N$ '000	2024 N$ '000

11. Trade and other payables

Financial instruments:		
Trade payables	674	298
Trade payables - related parties	1,157	1,157
Other accrued expenses	1,755	2,792
	3,586	**4,247**

12. Loans from group companies

Fellow subsidiaries	Basis of accounting	2025 N$ '000	2024 N$ '000
Skorpion Zinc Proprietary Limited	Amortised cost	400,386	400,386
Namzinc Proprietary Limited	Amortised cost	5,897,501	5,854,869
THL Zinc Namibia Holdings Proprietary Limited	Amortised cost	16,600	16,600
		6,314,487	**6,271,855**

All loans are unsecured, interest free, due and payable on demand.

Namzinc Proprietary Limited is a fellow subsidiary of Skorpion Mining Company Proprietary Limited. Both entities are wholly owned by Skorpion Zinc Proprietary Limited.

Settlement of the amount due from Namzinc Proprietary Limited is not expected until the company is, in turn, able to settle its liability with Namzinc Proprietary Limited.

The loan payable to Namzinc Proprietary Limited was obtained to assist with trading activities of the company.

Balances payable to Skorpion Zinc Proprietary Limited and THL Zinc Namibia Holdings Proprietary Limited are for expenses paid on behalf of group companies, and/or on behalf of the company by group companies and then recharged at cost incurred.

Split between non-current and current portions

Non-current liabilities	-	-
Current liabilities	6,314,487	6,271,855
	6,314,487	**6,271,855**

13. Other operating income

Other income	837	155

Other income consists of income from scrap sales.

14. Operating loss

Operating loss for the year is stated after charging / (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	(929)	(704)

Notes to the Annual Financial Statements

	2025 N$ '000	2024 N$ '000

14. Operating loss (continued)

Employee costs

Salaries, wages, bonuses and other benefits	(242)	(1,580)

Other expenses		
Diesel cost	(13,615)	(15,550)
Inventory adjustment	4,200	(4,078)

15. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	12	149

16. Finance costs

Unwinding of discount on provisions and other liabilities	7,160	7,548

17. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(25,259)	(34,986)
Tax at the applicable tax rate of 37.5% (2024: 37.5%)	(9,472)	(13,120)
Tax effect of adjustments on taxable income		
Other	9,472	13,120
	-	-
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	895,940	899,968

The assessed loss not considered in deferred tax for the current financial year is N$ 2 389 174 651 (2024: N$ 2 373 247 866).

18. Cash used in operations

Loss before taxation	(25,259)	(34,986)
Interest income	(12)	(149)
Finance costs	7,160	7,549
Changes in working capital:		
(Increase) decrease in inventories	(3,932)	4,324
Decrease (increase) in trade and other receivables	530	(580)
Decrease in trade and other payables	(661)	(4,883)
	(22,174)	**(28,725)**

Notes to the Annual Financial Statements

	2025 N$ '000	2024 N$ '000

19. Changes in loans receivable/(payable) from group companies

The table below details changes in the company's loans including both cash and non-cash changes in order ensure correct classification in the statement of cash flows:

	2025 N$ '000	2024 N$ '000
Loans to group companies		
Opening balance	2,369,309	2,358,174
Cash flows		
Advanced to	20,704	11,135
Non-cash movements		
	2,390,013	**2,369,309**

	2025 N$ '000	2024 N$ '000
Loans from group companies		
Opening balance	(6,271,855)	(6,234,890)
Cash flows		
Paid to	(42,632)	(36,965)
Non-cash movements		
	(6,314,487)	**(6,271,855)**

20. Related parties

Relationships

Ultimate holding company	Vedanta Resources Limited
Holding company	Skorpion Zinc Proprietary Limited
Holding company of Skorpion Zinc Proprietary Limited	THL Zinc Namibia Holdings Proprietary Limited
Fellow subsidiaries	Namzinc Proprietary Limited RoshSkor Township Proprietary Limited Rosh Pinah Health Care Proprietary Limited Arnica Guesthouse Proprietary Limited
Joint venture	Gergarub Exploration and Mining Proprietary Limited

Related party balances

	2025 N$ '000	2024 N$ '000
Loan accounts - Owing / (to) by related parties		
Namzinc Proprietary Limited	2,346,853	2,346,817
Gergarub Exploration and Mining Proprietary Limited	43,160	22,492
Skorpion Zinc Proprietary Limited	(400,386)	(400,386)
Namzinc Proprietary Limited	(5,897,501)	(5,854,869)
THL Zinc Namibia Holdings Proprietary Limited	(16,600)	(16,600)

Notes to the Annual Financial Statements

21. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note	Amortised cost N$'000	Total N$'000	Fair value N$'000
Loans to group companies	6	2,390,013	2,390,013	2,390,013
Trade and other receivables	7	10,181	10,181	10,181
Cash and cash equivalents	8	79	79	79
		2,400,273	**2,400,273**	**2,400,273**

2024

	Note	Amortised cost N$'000	Total N$'000	Fair value N$'000
Loans to group companies	6	2,369,309	2,369,309	2,369,309
Trade and other receivables	7	10,547	10,547	10,547
Cash and cash equivalents	8	313	313	313
		2,380,169	**2,380,169**	**2,380,169**

Categories of financial liabilities

2025

	Note	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	11	3,586	3,586	3,586
Loans from group companies	12	6,314,487	6,314,487	6,314,487
		6,318,073	**6,318,073**	**6,318,073**

2024

	Note	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	11	4,247	4,247	4,247
Loans from group companies	12	6,271,855	6,271,855	6,271,855
		6,276,102	**6,276,102**	**6,276,102**

		2025 N$ '000	2024 N$ '000

21. Financial instruments and risk management (continued)

Capital risk management

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to ensure the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

The company manages its capital to ensure it will be able to continue as a going concern within the THL Zinc Namibia Holdings Proprietary Limited group. The company's overall strategy remains unchanged from 2024. The capital structure of the company consists of holding company and fellow subsidiary loans, cash and cash equivalents and equity attributable to the equity holder comprising issued capital and accumulated losses.

The directors also being the directors of the holding company and sister company Namzinc Proprietary Limited are confident that the company, by virtue of being part of THL Zinc Namibia Holdings Proprietary Limited, has access to sufficient resources to continue trading for the foreseeable future. This assessment was made after due consideration of all the facts and circumstances in evidence at year end and notably includes the consideration that the company's fellow subsidiary, Namzinc Proprietary Limited has subordinated its loan to Skorpion Mining Company Proprietary Limited until such time as Skorpion Mining Company Proprietary Limited is no longer in a net deficit position.

The capital structure and gearing ratio of the company at the reporting date was as follows:

Loans from group companies	12	6,314,487	6,271,855
Trade and other payables	11	3,586	4,247
Total borrowings		**6,318,073**	**6,276,102**
Cash and cash equivalents	8	(79)	(313)
Net borrowings		**6,317,994**	**6,275,789**
Equity		(3,178,395)	(3,153,136)
Gearing ratio		(199)%	(199)%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company's main exposure to credit risk is to a fellow wholly owned subsidiary which purchases all of its zinc ore.

The company deposits cash surpluses with banks of high credit standing. The credit standing of financial institutions is evaluated from time to time.

Notes to the Annual Financial Statements

21. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		2025			2024		
		Gross carrying amount N$'000	Credit loss allowance N$'000	Amortised cost / fair value N$'000	Gross carrying amount N$'000	Credit loss allowance N$'000	Amortised cost / fair value N$'000
Loans to group companies	6	2,390,013	-	2,390,013	2,369,309	-	2,369,309
Trade and other receivables	7	10,232	(51)	10,181	10,598	(51)	10,547
Cash and cash equivalents	8	79	-	79	313	-	313
		2,400,324	**(51)**	**2,400,273**	**2,380,220**	**(51)**	**2,380,169**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2025

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	11	3,586	3,586	3,586
Loans from group companies	12	6,314,487	6,314,487	6,314,487
		(6,318,073)	**(6,318,073)**	**(6,318,073)**

2024

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	11	4,247	4,247	4,247
Loans from group companies	12	6,271,855	6,271,855	6,271,855
		6,276,102	**6,276,102**	**6,276,102**

Foreign currency risk

The company's policy is not to take cover on foreign currency transactions. The company has very limited direct exposure to foreign currency fluctuations.

Notes to the Annual Financial Statements

21. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2025 N$'000	2025 N$'000	2024 N$'000	2024 N$'000
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Interest rates 10% (2024:10%)	(681)	681	754	(754)

22. Exploration costs - Gergarub

Skorpion Mining Company Proprietary Limited and Rosh Pinah Zinc Corporation Limited concluded a Memorandum of Understanding, signed 20 June 2005 (with subsequent amendments), on various aspects of zinc exploration and development of resources on each party's Exploration Prospecting License areas.

The capital contribution by Skorpion Mining Company (Proprietary) Limited of N$48,075,290 into the Gergarub Exploration and Mining (Proprietary) Limited joint venture was reclassified from capital work in progress to investment in the current financial year, after agreement was reached with the joint venture partner Rosh Pinah Zinc Corporation to recognize cost as capital contribution.

23. Guarantees

Guarantees	Maturity	Nature	Guarantor	2025 N$'000	2024 N$'000
Namibian Ports Authority	December 2030	Surety on default	FNB	120	-

24. Going concern

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

Notes to the Annual Financial Statements

24. Going concern (continued)

The company made a loss of N$25,258,601 for the year ended 31 March 2025 (2024: N$34,985,639) and, as at that date its total liabilities exceeded its total assets by N$3,178,395,000 (2024: N$3,153,136,000). The company continues to incur losses.

Namzinc Proprietary Limited has agreed to assist Skorpion Mining Company Proprietary Limited by subordinating, subject to certain terms and conditions, the total loan of N$5,897,500,864 (2024: N$5,854,869,288) with Skorpion Mining Company Proprietary Limited, in favour of, and for the benefit of other creditors of Skorpion Mining Company Proprietary Limited.

The loan payable between the company and Namzinc Proprietary Limited has been subordinated in favour of other creditors. In addition a letter of financial support for the company has been issued by the Black Mountain Mining Proprietary Limited confirming that the company will be able to meet its financial obligations as they fall due.

25. Events after the reporting period

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