MORUPULE COAL MINE LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

(Company Registration number: BW00000782082)

MORUPULE COAL MINE LIMITED
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for the year ended 31 December 2022

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MORUPULE COAL MINE LIMITED
Directors' statement of responsibility and approval of the Financial statements
'for the year ended 31 December 2022

Director's statement of responsibility

The directors are responsible for the preparation and fair presentation of the financial statements of Morupule Coal Mine Limited ("MCM", "the Company") comprising the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the profit or loss and other financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Botswana Companies Act (CAP 42;01).

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and to maintain adequate accounting records and an effective system of risk management.

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 Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that, in all reasonable circumstances, is above reproach. While operating risk cannot be fully eliminated, the directors endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. Their report is presented on pages 4 to 8.

Directors' approval of the financial statements

The financial statements set out on pages 8 to 46, which have been prepared on the going concern basis, were approved and authorised for issue on 04 July 2023 by the Board of Directors and are signed on its behalf by:

....

Director Director

MORUPULE COAL MINE LIMITED
Report of the Directors
for the year ended 31 December 2022

The directors have pleasure in submitting their report and the audited accounts of Morupule Coal Mine Limited ("MCM") for the year ended 31 December 2022.

CAPITAL

There was no change in the stated capital and shareholding of the Company during the year under review.

FINANCIAL PERFORMANCE

The highlights of revenue and profit for the year ended 31 December 2022 are as follows:

The Company recognised revenue of P1 569 038 186 (2021 restated; P1 302 647 953), an increase of 20% (2021 restated: 49% increase) year on year. The Company realised a net profit after taxation of P510 633 365 (2021 restated: P415 766 848)

MINING ASSETS

Property, plant and equipment additions for the year to 31 December 2022 amounted to P536 174 642 (2021: P315 037 028).

DIRECTORATE

I B Matshediso- Chairman (Interim)
S Botlhole-Mmopi
R Nekati
L Armstrong
J Tsimako

COMPANY SECRETARY

M Leteane

REGISTERED OFFICE

Serowe/Palapye (A14) Road
Morupule Ward
Palapye, Botswana

BANKERS

Stanbic Bank Botswana Ltd
Access Bank Botswana Ltd

INDEPENDENT AUDITORS

Ernst and Young
2nd Floor, Plot 22
Khama Crescent
P. O Box 41015
Gaborone, Botswana

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Firm of Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
PO Box 41015
Gaborone, Botswana

Tel: +267 397 4078 / 365 4000
Fax: +267 397 4079
Email: eybotswana@za.ey.com
Partnership registered in Botswana
Registration No: 10829
VAT No: P03625401112
www.ey.com

Independent Auditor's Report
To the Members of the Board of Morupule Coal Mine Limited
Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Morupule Coal Mine Limited ("the Company") set out on pages 8 to 45 which comprise the statement of financial position at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Morupule Coal Mine Limited at 31 December 2022, and of 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 (Cap 42:01).

Basis of 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 Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (IESBA Code)* together with other ethical requirements that are relevant to our audit of the financial statements in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities as described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of deferred revenue (contract liability) from the Coal Sale Agreement ("CSA") with Botswana Power Corporation ("BPC") The Company has a Coal Sales Agreements with Botswana Power Corporation, the Company's main customer of coal contributing 84% of the Company's total sales for the year ended 31 December 2022 (2021: 78%). The contract has an upfront payment which at 31 December 2022 was BWP 1,353 million as disclosed in Note 17. The arrangement is accounted for as a deferred revenue transaction in accordance with IFRS 15 *Revenue from Contract with Customers* principles which contain a significant financing component.	Our audit procedures included the following: • We obtained an understanding of the revenue recognition processes through enquiries of management including an understanding of the controls surrounding revenue recognition especially with the deferred revenue component. We met with senior management to corroborate our understanding of the commercial and technical developments which may impact the quantum of future costs and unwinding of the contract as well as to understand any impact this may have on the accounting for the agreement.

The deferred revenue is recognised as revenue in the statement of profit or loss as the coal is delivered to BPC. Revenue is recognised as coal is delivered relative to the total expected tonnage delivered over the term of the agreement. This is measured against an expected purchase of a total of 34,70 million tonnes of coal over a period of 21 years to September 2032. The contractual price is split into three elements- capital, fixed and variable- which, in aggregate, comprise an overall "base price" as defined in the contract. Accordingly, management estimates the cumulative amount of the deferred revenue liability that has been satisfied and therefore recognise the revenue. The timing of the billings necessitates a deferred revenue calculation which incorporates forecasts as to future events. The key inputs management use include; - Estimated financing rate over the life of the arrangement used to discount the contract liability. - Variable contact price - Remaining life of the mine The quantum of the deferred revenue balance, as well as the complexities involved in the accounting treatment of the transaction and the significant judgements applied by management in the inputs used in the determination of the deferred revenue makes deferred revenue a matter of significance to the audit in the current year and a key audit matter. The related disclosures in the financial statements: • Accounting Policy VI. Deferred revenue • Notes 1.1 Revenue from contract with customers • Note 2.2 Effects of prior period error on profit • Note 2 Finance costs • Note 17 Deferred revenue • Note 27 Correction of prior period errors	As part of our understanding and assessing of the accounting treatment of the advance payments received to date; • We inspected the signed coal sales agreement between the Company and BPC including the existing coal take off schedule to assess the contractual arrangements and commitments to BPC. • With assistance of internal accounting experts from the EY Financial Reporting Group, to evaluate the appropriateness of the accounting treatment applied by management in line with IFRS 15 principles. In assessing the reasonableness of the deferred revenue, revenue and finance costs, our procedures on management's computation included: • We engaged our internal accounting experts to determine the appropriateness of the measurement of revenue and the significant financing component in accordance with IFRS 15 principles. No exceptions were noted • We assessed the estimated financing rate over the life of the agreement for compliance with IFRS 15 using independent market information and noted no material inconsistencies. • With assistance from internal modelling experts, we tested the mathematical accuracy of the model prepared by management by performing an independent recalculation of the revenue and finance costs and comparing the results from our recalculation to those of management. Management's model was considered was concluded to be in line with expectations. • We evaluated the adequacy of the financial statement disclosures relating to revenue recognition, deferred revenue and contingent liability relating to the CSA including disclosures of appropriate accounting policies in accordance with IFRS. In the previous financial year end, 31 December 2021, management did not recognise and account for the existence of a significant financing component in a contract liability computation as required by the IFRS 15 accounting standard. Due to this the prior year financial statement have been restated. We draw attention to Notes 2.2 and 27 of the financial statements, which describes the effects of the restatement of the prior year figures.

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Provision for environmental decommissioning and restoration costs

The Company's core business is mining coal. Consequently, the mining of coal results in an underground mine and an open pit which should be restored upon closure of the mine. Similarly, all the assets being utilized in the mining operations should be dismantled/ decommissioned or removed at the end of the useful lives.

Significant judgement is required by the Directors in computing the future estimated costs used in the calculation of the provisions for environmental decommissioning and restoration costs. The period used for discounting the environmental decommissioning and restoration costs is based on the lower of the mine's lease period and the estimated remaining life of the mine. The estimated remaining life of mine includes significant estimates with regards to production estimates, viability of projects and capital expenditure. In addition, significant estimates are included in determining the long-term inflation rate and discount rates used in the calculation of the environmental decommissioning and restoration cost provisions.

Due to the significance of the provision in the financial statements as a whole, combined with the significant judgements and estimates involved in determining the value of these provisions, the provisions for environmental decommissioning and site restoration costs are considered to be a key audit matter.

The related disclosures in the financial statements:

Key sources of estimation uncertainty section of the significant accounting policies
Note 15 - Environmental Cost Provision
Note 3 - Finance Costs. The specific disclosure is the unwinding discount of the rehabilitation liability
Note 2 - Operating (Loss)/ Profit. The specific disclosures being the Revaluation of the Environmental Cost Provision.

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<u>Our audit procedures included the following:</u>

We evaluated the design and implementation of the relevant controls relating to the estimation and computation of the provisions for environmental decommissioning and restoration costs. We held discussions with the independent external and internal specialists to obtain an understanding of the significant assumptions, judgements and methods used in determining the estimates, the outcome of their estimates and basis of their conclusion.

In addition, we performed the following substantive procedures with the help from our internal specialists:

Assessed the compliance with the Mining Act of Botswana requirements when determining these provisions.
Assessed the overall methodology and appropriateness of assumptions adopted by the Company in the estimation of the closure and rehabilitation provisions.
Assessed the approach taken by the Company in the determination of rates underlying the forecast costs and life of mine and evaluating the reasonableness of the discount rates used in calculating these provisions.
Determined if all the infrastructure components requiring demolition, rehabilitation and closure have been included in the calculation of these provisions.
Compared the life of mine estimates to the mines' lease period and confirmed that the lease period is lower.
Obtained specific management representations on the provisions for environmental decommissioning and restoration costs.
Reviewed the related disclosures for compliance with the requirements of International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

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Other information

The directors are responsible for the other information. The other information comprises the information included in the 45- page document titled "Morupule Coal Mine Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Statement of Responsibility and Approval of the Financial Statements, Report of the Directors and the Management Income Statement and Reconciliation, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.
Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

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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 financial statements, including the disclosures, and whether the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young
Practising member: Bakani Ndwapi
Partner
Membership number: CAP 0010
Certified Auditor
Gaborone
11 July 2023

MORUPULE COAL MINE LIMITED
Statement of profit or loss and other comprehensive income
for the period ended 31 December 2022

	Notes	2022 P	2021 (Restated) P
Revenue from contracts with customers	1.1 & 27	1,569,038,186	1,302,647,953
Cost of sales		(563,748,976)	(467,784,365)
Gross profit		1,005,289,210	834,863,588
Other income	1.2	5,499,520	7,792,047
General and administrative costs	2 & 27	(228,622,402)	(153,523,848)
Operating profit/(loss)	2	782,166,328	689,131,787
Interest income	4	38,107,748	41,171,110
Finance costs	3 & 27	(157,314,273)	(196,808,335)
Profit/ (Loss) before taxation		662,959,802	533,494,563
Income tax (expense)/income	5 & 27	(152,326,437)	(117,727,715)
Profit/(Loss) for the year		510,633,365	415,766,848
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		510,633,365	415,766,848

MORUPULE COAL MINE LIMITED
Statement of financial position
at 31 December 2022

	Notes	2022	2021(Restated)	2020(Restated)
		P	P	P
ASSETS				
Non-current assets				
Property, plant and equipment	7	2,081,962,140	1,714,551,586	1,495,276,217
Right of use asset	8	1,069,309	978,392	2,685,832
Investment in Rehabilitation Trust	19	89,519,935	82,463,051	67,795,788
Deferred taxation asset	16 & 27	-	33,299,142	143,231,546
Related party balances receivables	8	-	-	8,895,021
		2,172,551,385	1,831,292,171	1,717,884,404
Current assets				
Inventories	9	219,699,535	201,712,126	193,291,008
Trade and other receivables	10 &27	848,036,235	626,825,588	310,916,995
Tax refund receivable	11	7,793,434		2,520,234
Cash and short term deposits	6	19,638,455	221,134,482	771,309,571
		1,095,167,659	1,049,672,196	1,278,037,808
Total assets		3,267,719,044	2,880,964,367	2,995,922,211
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	12	100	100	100
Retained profits(/accumulated losses)		937,896,576	427,263,211	11,496,363
Total shareholder's interest		937,896,676	427,263,311	11,496,463
Non Current liabilities				
Long term portion of borrowings	13.4	175,922,846	351,845,693	263,884,271
Long term lease liabilities	14	1,079,879	132,410	2,204,477
Environmental cost provision	15	162,536,710	136,276,478	73,690,886
Deferred tax liability	16 & 27	119,027,295	-	-
Deferred revenue	17 & 27	1,059,828,743	1,352,884,900	1,844,156,136
		1,518,395,473	1,841,139,481	2,183,935,770
Current liabilities				
Trade and other payables	18	181,229,947	101,258,388	92,169,559
Short term lease liabilities	14	862,056	891,537	638,001
Current portion of environmental cost provision	15	10,355,888	8,698,499	-
Current tax liability	11	-	2,329,721	-
Short term portion of borrowings	13.4	325,922,847	8,112,193	279,035,026
Short term portion of deferred revenue	17 & 27	293,056,157	491,271,236	428,647,392
		811,426,895	612,561,574	800,489,978
Total shareholder's equity and liabilities		3,267,719,044	2,880,964,367	2,995,922,211

MORUPULE COAL MINE LIMITED
Statement of cash flows
for the year ended 31 December 2022

	Notes	2022	2021(Restated)
		P	P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit/(loss)	2	782,166,328	689,131,787
Adjust for:			
Depreciation - right of use	8	2,245,589	2,590,110
Depreciation - other items of property, plant and equipment	7	172,791,280	151,859,286
Depreciation - environmental rehabilitation cost	7	9,125,562	3,074,213
Increase in environmental rehabilitation provision	15	414,176	2,220,851
Decrease in deferred revenue	17	(616,923,118)	(602,458,826)
Loss on disposal of property, plant and equipment	2	4,853,946	5,134,283
Overdue debtor balances (BPC)	4	35,315,352	15,284,861
Expected credit loss within twelve months	10	869,621	901,579
Net cash generated from operations		390,858,735	267,738,144
Increase in inventories	9	(17,987,409)	(8,421,118)
Increase in trade and other receivables	10	(222,080,267)	(316,810,172)
Increase in trade and other payables	18	79,971,559	9,088,829
Income tax paid	11	(10,123,155)	(2,945,356)
Net cash generated from operating activities		220,639,463	(51,349,673)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	(536,174,642)	(315,037,028)
Proceeds from sale of property, plant and equipment	7	162,029	363,903
Interest received	4	2,792,396	25,886,249
Net cash used in investing activities		(533,220,216)	(288,786,876)
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Finance costs paid	13	(30,505,231)	(25,499,196)
Net decrease in related company balances	19	-	8,895,021
Repayment of lease liabilities	14	(1,353,158)	(2,844,256)
Borrowings paid	13	-	(175,922,846)
Borrowings received	13	150,000,000	-
Contribution to rehabilitation trust	19	(7,056,884)	(14,667,263)
Net cash used in financing activities		111,084,726	(210,038,540)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(201,496,027)	(550,175,089)
CASH AND CASH EQUIVALENTS at beginning of year		221,134,482	771,309,571
CASH AND CASH EQUIVALENTS at end of year		19,638,455	221,134,482
Comprising:			
Bank balances and cash		19,638,455	221,134,482
		19,638,455	221,134,482

MORUPULE COAL MINE LIMITED
Statement of changes in equity
for the year ended 31 December 2022

	Note	Stated Capital P	Retained Profit /Accumulated losses P	Total P
Balance at 1 January 2021		100	(66,349,269)	(66,349,169)
Correction of prior period errors	27		77,845,632	77,845,632
Restated balance at 1 January 2021		100	11,496,363	11,496,463
Total comprehensive income for the year		-	415,766,848	415,766,848
Restated balance at 31 December 2021	2.2	100	427,263,211	427,263,311
Total comprehensive income for the year		-	510,633,365	510,633,365
Balance at 31 December 2022		100	937,896,576	937,896,676

BASIS OF PREPARATION

These financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. The financial statements have been prepared on the historical cost basis. The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

The principal accounting policies have been consistently applied in the current and previous financial year, unless stated otherwise.

Standards, interpretations and amendments to published standards that were adopted by the Company or are not yet effective, are detailed in note 24.

The principal accounting policies are set out below.

I. CONSOLIDATION

The financial statements are the Company's own separate financial statements. The Company has elected not to prepare consolidated financial statements incorporating Morupule Coal Mine Rehabilitation Trust, which runs its business from Morupule Coal Mine which fully controls the trust. The Company is a wholly owned subsidiary of Minerals Development Company Botswana (Proprietary) Limited ("the holding Company") which is incorporated in Botswana. The holding Company prepares consolidated financial statements that comply with IFRS for public use. The consolidated financial statements are obtainable from 6th Floor, Exponential Building, Plot 54352, CBD, Gaborone, Private Bag BO 005, Gaborone.

The mine has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position, however; IAS 1 does not require a specific order of the two classifications. Non-current assets and liabilities are presented before current assets and liabilities. IAS 1 requires entities to present assets and liabilities in order of liquidity when this presentation is reliable and more relevant.

II. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment, including construction work-in-progress for production, supply and administrative purposes, and producing mine, are stated at cost less accumulated depreciation and impairment losses.
The initial cost of an asset comprises its purchase or construction cost, any other costs attributable to bringing the asset into operation, the initial estimate of rehabilitation, and, for qualifying assets, borrowing costs. The purchase or construction cost is the total amount paid and the fair value of any consideration given to acquire the asset. Capitalisation of a mine's construction phase ceases when it moves to production phase, except for costs that qualify for capitalisation relating to asset additions, improvements and new developments on the underground or surface mine development.

Depreciation is recognised using the straight-line method. Current rates of depreciation used are:

Asset Class	Depreciation rate	Asset Class	Depreciation rate
Buildings	Life of mine lease	Environment decommission asset	Life of mine lease
General equipment	12.5% - 20%	Decommissioning asset -Mining Contractor	Duration of contract
Infrastructure	5% - 20%	Vehicles	20% - 50%
Mine Stripping costs	Life of surface mining lease	Computers	33%
Mining equipment	12.5% - 50%	Furniture & fittings	20% - 50%
Plant	5% - 10%	Office equipment	5% - 20%

The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Infrastructure: This relates to structural and civil developments like lighting, roads, dams, underground support structures

Stripping Costs: The mine introduced surface mining from January 2022 through a five year mining contract effective October 2021.The mining operations were still at construction stage as at 31 December 2022.An insignificant amount of ore had been mined in the box cut area (construction phase of pit) while waste stripping continued in the main pit phase of the pit at year end .The mine is operated through the open cast mining method and the pit is extended through mining strips. Backfilling of the open pit (mined strips) would occur post ore depletion in a strip. The box cut phase of the pit would remain open until the end of the life of the mine. Ore mining in the main pit had not started as end of December 2022. The mine started ore production in August 2022 from the construction phase of the pit

Waste stripping activity in the construction phase is recognised as a non-current asset until ore production begins, in accordance with IFRIC 20 *Stripping costs in the production phase of a surface mine* . The capitalised waste is amortised over the 15-year life of mine from when ore production begins.
Waste stripping activity in the development phase of the pit is recognised as a current asset in accordance with IAS 2 *Inventories* .
When ore production begins, the cost of mining the ore is expensed as incurred. The proportion of ore volumes mined in each strip is used to amortise the waste stripping costs of the strip previously recognised under current assets into the income statement. The proportion of ore mined is determined by using estimated ore volumes in each mine strip. The strips are fully exposed to reach ore in an average period of less than 12 months (maximum 10 months).

III. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value-in-use the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised previously. Reversals of impairment losses are recognised in profit or loss.

IV. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, being assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

V. REVENUE RECOGNITION

Revenue from sales of coal is recognised when the following steps have been applied;

1)contract with customer exist;
2)a performance obligation is included in the contract;
3)determination of a transaction price (contract price).
4)allocation of transaction price to the obligation.
5)recognition of revenue when/ as obligation(s) are satisfied.

The above apply to all customers including Botswana Power Corporation ("BPC"). Revenue for all customers is recognised at a point in time when control is transferred to the customer, when coal leaves the mine premises through road, rail and by conveyor belt.

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate

VI. DEFERRED REVENUE

Revenue is deferred when, in terms of the contract of sale, billings do not reflect the underlying delivery of goods to which they relate. The difference between billings and the fair value of the delivery (per tonne) in proportion to the total revenue expected to be received over the life of the contract is reflected as deferred revenue in the statement of financial position.

VII. INVENTORIES

Inventories are stated at the lower of cost and net-realisable-value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory. Net-realisable-value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.
Consumable stores, maintenance stores and materials are shown at average cost. The coal stockpile is valued at the average cost of production per tonne and NRV.

VIII. FOREIGN CURRENCIES

Transactions in currencies other than the Botswana Pula are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

All exchange gains and losses arising on translation are included in income in the period in which they arise.

IX. TAXATION

Income tax expense comprises current tax and deferred tax.

i. Current Tax

The tax currently payable is based on taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

iii. Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

X. ENVIRONMENTAL COSTS

Provision is made for the estimated costs relating to the current obligation for future restoration and rehabilitation of the Company's mine. Such costs are capitalised as part of the assets and amortised over the estimated life of the mine, to the extent that such costs are not incurred in the production of inventories, in which case such costs are immediately expensed. Mine closure plans are periodically reviewed and updated to reflect changing circumstances and provision amounts accordingly modified so as to accommodate such changes. The future estimated costs are discounted to present value using a pre-tax discount rate and or government bonds.

XI. RETIREMENT BENEFIT COSTS

Pensions are provided for eligible citizen employees through a separate pension fund to which the company contributes. The fund is a defined contribution plan. Pension contributions are expensed during the year in which they are due.

An accrual is raised for terminal gratuities for contract staff in accordance with their respective employment contracts.

XII. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(1) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

a. Classification of financial assets (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income " line item.

(2) Debt instruments classified at FVTOCI

The debt instruments held by the Company are classified at FVTOCI. The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(3) Equity instruments designated at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

a. Classification of financial assets (continued)

(4) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination at FVTOCI on initial.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

b. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(1) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

b. Impairment of financial assets (continued)

(1) Definition of default (continued)

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 30 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(2) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(3) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(4) 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. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

i. Financial Assets (continued)

b. Impairment of financial assets (continued)

(4) Measurement and recognition of expected credit losses (continued)

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

c. De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

ii. Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

a. Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

ii. Financial Liabilities (continued)

a. Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon de-recognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

b. Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii)held-for-trading, or (iii) designated at FVTPL, are measured subsequently 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.

c. De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

XII. FINANCIAL INSTRUMENTS (CONTINUED)

ii. Financial Liabilities (continued)

c. De-recognition of financial liabilities (continued)

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

1) the carrying amount of the liability before the modification; and
2) the present value of the cash flows after modification are recognised in profit or loss as the modification gain or loss within other gains and losses.

XIII. LEASES

Leases that transfer most of the risks and rewards associated with ownership of an asset are recognised as finance lease obligations in long and medium term liabilities, measured at the present value of the future lease payments. Interest on finance leases is charged to income at a constant periodic rate over the lease term.

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use.
- the Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

i. Classes of Leases and duration

1.Infrastructure (Railway line)	Life of Mine lease (2039)
2.Residential Buildings	13 months to 5 years

ii. Measurement and recognition of leases

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

XIII. LEASES (CONTINUED)

ii. Measurement and recognition of leases (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets and leases have been shown separately.

XIV. INVESTMENT IN REHABILITATION TRUST

The Rehabilitation Trust does not relieve the Company of its obligation to pay decommissioning costs. The Company recognise its obligation to pay decommissioning costs as a liability, and the contribution to the trust as a non-current asset. On the statement of financial position, environmental cost provision and investment in rehabilitation have been shown separately.

XV. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank and cash balances.

XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the company's accounting policies, management has used its judgement and made estimates in determining the amounts recognised in the financial statements.

i. Key Sources of Estimation Uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and significant estimates made in the preparation of these financial statements are discussed below.

a. Valuation of the environmental cost provisions

Assumptions were made in the valuation of the Company's environmental cost provisions. Details of the assumptions used are set out in note 15.

b. Calculation of the deferred revenue portion of billings

Deferred revenue is calculated as the difference between billings, and the fair value of deliveries (per tonne) in proportion to total contractual revenue. In order to calculate this value on an annual basis, the expected coal off-take over the remainder of the life of the contract must be estimated.

c. Variable consideration

The Coal Sale Agreement (CSA) with Botswana Power Corporation (BPC) provides for a scenario known as a COTF Event ("cumulative off-take failure event"). COTF revenue recognised is estimated based on management's assumptions and judgment around BPC offtake during the contractual period.

d. Asset lives and residual values

Plant and equipment are depreciated to their residual values over their expected useful lives. Residual values and asset lives are assessed annually based on management's judgment of relevant factors and conditions.

XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

e. Impairment of assets
At each statement of financial position date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Management takes into account various considerations including future cash flows expected to be generated by the assets under review.

f. Allocation of costs to inventory
Costs are allocated to inventory on the basis that they are from activities involved directly in the production of those inventories. Inventory is valued at the lower of cost and Net realisable value in accordance with *IAS 2 Inventories.* Ore stockpiles are measured at the end of each reporting period by external valuers. External valuers use the assistance of drones to estimate the ore volumes. Costs per ton of producing the inventories and NRV prices are applied on the volumes to obtain the expected stock value. The movement in the opening balance is allocated between inventory and cost of sales.

g. Quantification of inventory holdings
Stockpile quantities are determined with the assistance of external professional surveyors.

h. Recoverability of deferred tax assets
Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future tax profits are estimated based on the business plans approved by management which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and the competitive environment.

i. Extension options for leases
When the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

j. Other significant estimates and assumptions made in the preparation of these financial statements are:

- the calculation of loss allowance;
- the calculation of the provision for obsolete inventories; and
- the calculation of any provision for claims, litigation and other legal matters.
- use of incremental borrowing rate use to calculate the lease liability
- production start date for the surface mine as August 2022
- life-of-mine as 15 years and life of a strip is less than a year.
- surface mining costs in the development phase of the mine are accounted for as inventories and amortised at the ore production rate from when ore production begins.

MORUPULE COAL MINE LIMITED
Notes to the financial statements
for the year ended 31 December 2022

1 REVENUE

1.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	2022 P	2021 P
Botswana Power Corporation (BPC)- as previously stated			534,540,324
BPC Additional revenue- correction of errors	27		474,877,413
Restated Botswana Power Corporation			1,009,417,737
Botswana Power Corporation (BPC)		1,311,670,022	
Other customers		257,368,164	293,230,216
Total		1,569,038,186	1,302,647,953

	2022 P	2021 P
Analysis of revenue by nature of performance obligation		
Performance obligation discharged over time	1,311,670,022	1,009,417,737
Performance obligation discharged at a specific point in time	257,368,164	293,230,216
	1,569,038,186	1,302,647,953
Unsatisfied / partially satisfied performance obligations		
Within one year	778,072,093	1,133,535,516
More than one year	8,434,976,429	8,533,464,725
Remaining performance obligation	9,213,048,522	9,667,000,242

Revenue from customers is recognised at a point in time when control is transferred to the customer. For BPC sales, the coal is transferred through a conveyor belt between the premises. The rest of sales dispatch is by rail and road. The obligation discharged over time relates to unwinding of the contract liability on advance payments received in the past for the discharged contract period, being recognised as revenue when delivery of coal is eventually made to BPC.
The remaining performance obligation relates to18.16 million tons (2021:20.31 million tons) of coal to be delivered to BPC over the remaining period of the 22-year contract as at the end of each year.

1.2 OTHER INCOME

	2022 P	2021 P
Rental income	4,480,610	4,397,193
Sundry Revenue	1,018,910	3,394,854
	5,499,520	7,792,047

Sundry Revenue comprises of scrap sales, insurance, training claims and registrations by suppliers for tenders.

2 OPERATING PROFIT/(LOSS)

Operating profit /(loss) is stated after taking the following into account:

	2022 P	2021 P
Auditors' remuneration		
Audit fees	667,000	648,000
	667,000	648,000
Foreign exchange (gains)/losses - realised	(218,879)	2,719,847
Foreign exchange losses - unrealised	47,698	72,833
Net foreign exchange (gains)/ losses	(171,181)	2,792,680
Employee benefits expense		
Post employment benefits - pension costs	27,524,598	24,380,498
Other employee benefits	254,727,962	209,367,108
	282,252,560	233,747,606
Depreciation (note 7 & 8)	184,162,431	157,523,609
Directors' fees	488,025	287,175
Movement on provision for obsolete stores and consumables (note 9)	(344,628)	(1,570,054)
Movement in loss allowance on trade receivables (note 10,27)	(31,958)	901,579
Loss on disposal of property, plant and equipment	(4,853,946)	(5,134,283)
Remuneration of key management personnel (note 19)	22,268,029	19,651,401
Revaluation of environmental provisions (incl. in cost of sales-note 15)	414,176	2,220,851
Royalties (note 19)	30,133,464	24,104,529

2.2 EFFECT OF PRIOR PERIOD ERROR

	2021 SOCI P	2021 SFP P	2020 SFP P
Increase in revenue from contracts	474,877,413		
Increase /(decrease) in deferred revenue liability		(474,877,413)	10,046,778
Increase in finance costs	173,811,434		
Increase in deferred revenue liability		173,811,434	
Decrease in general and administrative costs(BPC ECL write off)	(245,276,423)		
Increase in trade and other receivables		245,276,423	109,848,871
Increase in profit before tax	546,342,403		
Increase in retained earnings		546,342,403	99,802,092
Increase in tax expense	120,195,329		
Decrease in deferred tax asset		(120,195,329)	(21,956,460)

There was no prior period error effect on the statement of cash flow (Net cash generated from operating activities). The increase in operating profit before tax was offset by a decrease in the deferred revenue liability.

2.3 GENERAL AND ADMINISTRATIVE COSTS

	2022	2021
	P	P
Employee benefits	100,642,390	76,159,220
Depreciation-non mining	25,014,430	17,949,050
Expected credit loss of trade receivables & RSA VAT	(31,958)	901,579
Disposal loss	(4,853,946)	(5,134,283)
Legacy projects and other projects expenses	31,219,109	5,248,127
Net foreign exchange (gain)/loss	(171,181)	2,792,680
Short term leases	36,000	6,000
Audit fees	667,000	648,000
Other administrative costs	76,100,559	54,953,475
	228,622,402	153,523,848

3 FINANCE COSTS

	2022	2021
	P	P
Interest paid on borrowings - related parties (note 19)	19,494,353	18,460,631
Interest paid on borrowings -bank loans(note 13)	2,898,685	-
Unwinding of the environmental decommissioning provision (note 15)	8,698,499	4,421,453
Unwinding of the contractor decommissioning provision (note15)	477,383	-
Unwinding of the lease liability(note 14)	93,471	114,817
Unwinding of Interest on deferred revenue	125,651,882	173,811,434
	157,314,273	196,808,335

4 INTEREST INCOME

		2022	2021
		P	P
Interest received	- call deposits	2,792,396	25,886,249
	- overdue debtor balances (BPC)	35,315,352	15,284,861
		38,107,748	41,171,110

5 INCOME TAX

	Note	2022 P	2021 P
Current taxation as previously stated		-	(12,730,539)
Deferred taxation as previously stated		-	10,262,925
Deferred taxation /Correction of prior period errors	16	152,326,437	120,195,329
Income tax		152,326,437	117,727,715
Taxation reconciliation			
Taxation at the current year rate on income at 22%		145,851,156	117,368,804
Non-deductible expenses		6,475,281	358,911
Income tax		152,326,437	117,727,715

Estimated tax loss

No taxation liability was raised during the year (2021: P7 795 311) as the company has an estimated tax loss as follows:

	2022 P	2021 P
Opening balance	-	-
Tax loss raised in current year	209,280,627	-
Estimated loss closing balance	209,280,627	-

6 CASH AND SHORT TERM DEPOSITS

	2022 P	2021 P
Bank balances and cash	19,638,455	221,134,482

Bank balances earn interest at a fixed rate of 1.5%. Fixed deposits are made for varying periods between one day to three months, depending on the immediate requirements of the Company, and earn interest at the respective short-term deposits rates.

For the purpose of statement of cash flows, cash and cash equivalents comprise the following :

	2022 P	2021 P
Bank balances and cash	19,638,455	221,134,482

The Company drew 100% of the unsecured Invoice Financing facility of P150 million priced at prime (6.26%) less 2.35% to assist MCM with working capital requirements as and when needed. The company has a credit card facility of P150 000 with Stanbic Bank to assist management with emergency expenditure mostly during out of site travel.

7 PROPERTY, PLANT AND EQUIPMENT

	2021	Transfers	Additions	Disposals	Adjustment	2022
	P	P	P	P	P	P
COST						
Buildings	237,403,261	29,415,827	7,879,078	-	-	274,698,166
Stripping Costs	-	-	291,001,980	-	-	291,001,980
Computers	79,243,505	1,285,740	7,355,322	2,714,014	-	85,170,553
Environmental decommissioning asset	114,334,626	-	-	-	11,603,877	125,938,503
Decomissioning: Mining Contractor	-	-	-	-	6,723,687	6,723,687
Furniture & Fittings	6,503,636	704,271	973,641	70,705	-	8,110,843
General Equipment	77,102,461	4,716,095	6,991,946	583,380	-	88,227,122
Infrastructure	995,168,029	78,486,043	27,212,153	10,635,666	-	1,090,230,560
Mining Equipment	727,131,110	6,164,498	86,538,749	45,700,608	-	774,133,748
Office Equipment	2,556,261	-	266,434	-	-	2,822,695
Plant	166,959,549	1,081,150	6,417,620	311,760	-	174,146,559
Vehicles	76,341,433	-	12,441,158	3,921,181	-	84,861,410
Capital work in progress	572,908,798	(121,853,624)	89,096,562	-	-	540,151,737
	3,055,652,669	**-**	**536,174,642**	**63,937,312**	**18,327,564**	**3,546,217,562**

PROPERTY, PLANT AND EQUIPMENT	2021	Transfers	Charge for the year	Disposals	Adjustment	2022
ACCUMULATED DEPRECIATION	P	P	P		P	P
Buildings	71,378,033	-	8,468,181	-	-	79,846,214
Stripping Costs	-	-	6,113,968	-	-	6,113,968
Computers	61,418,889	-	4,854,850	2,501,470	-	63,772,269
Environmental decommissioning asset	21,820,745	-	7,444,641	-	-	29,265,386
Decomissioning:Mining Contractor	-	-	1,680,922	-	-	1,680,922
Furniture & Fittings	4,345,743	-	1,038,493	70,513	-	5,313,723
General Equipment	51,665,819	-	8,082,983	490,908	-	59,257,893
Infrastructure	478,780,067	-	56,637,918	8,376,532	-	527,041,453
Mining Equipment	518,769,383	-	69,847,385	43,236,925	-	545,379,843
Office Equipment	1,067,607	-	522,925	-	-	1,590,532
Plant	83,596,251	-	6,766,384	311,760	-	90,050,876
Vehicles	48,258,546	-	10,458,193	3,774,396	-	54,942,343
	1,341,101,083	**-**	**181,916,843**	**58,762,504**	**-**	**1,464,255,422**

MORUPULE COAL MINE LIMITED
Notes to the financial statements (continued)
for the year ended 31 December 2021

7 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	2020	Transfers	Additions	Disposals	Adjustment	2021
	P	P	P	P	P	P
COST						
Buildings	235,597,854	-	1,866,137	60,730	-	237,403,261
Computers	77,312,927	230,496	7,791,545	6,091,463	-	79,243,505
Environmental decommissioning asset	49,692,839	-	-	-	64,641,787	114,334,626
Furniture & Fittings	5,826,834	59,940	799,592	182,730	-	6,503,636
General Equipment	73,261,132	348,609	6,640,064	3,147,344	-	77,102,461
Infrastructure	984,524,971	2,719,821	15,439,852	7,516,615	-	995,168,029
Mining Equipment	693,086,566	3,066,208	66,567,192	35,588,856	-	727,131,110
Office Equipment	1,931,048	2,875	622,494	156	-	2,556,261
Plant	167,611,361	-	1,142,510	1,794,322	-	166,959,549
Vehicles	77,888,075	-	7,716,577	9,263,219	-	76,341,433
Capital work in progress	372,885,682	(6,427,949)	206,451,065	-	-	572,908,798
	2,739,619,289	**-**	**315,037,028**	**63,645,435**	**64,641,787**	**3,055,652,669**

PROPERTY, PLANT AND EQUIPMENT	2020	Transfers	Charge for the year	Disposals	Adjustment	2021
ACCUMULATED DEPRECIATION	P	P	P		P	P
Buildings	65,538,855	-	5,886,750	47,572	-	71,378,033
Computers	63,328,684	-	4,176,449	6,086,244	-	61,418,889
Environmental decommissioning asset	18,746,532	-	3,074,213	-	-	21,820,745
Furniture & Fittings	3,785,975	-	725,201	165,433	-	4,345,743
General Equipment	47,674,302	-	6,852,704	2,861,187	-	51,665,819
Infrastructure	436,304,877	-	48,388,751	5,913,561	-	478,780,067
Mining Equipment	481,578,055	-	70,264,536	33,073,208	-	518,769,383
Office Equipment	579,574	-	488,189	156	-	1,067,607
Plant	78,018,193	-	6,465,451	887,393	-	83,596,251
Vehicles	48,788,025	-	8,583,017	9,112,496	-	48,258,546
	1,244,343,072	**-**	**154,905,261**	**58,147,250**	**-**	**1,341,101,083**

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2022	2021
	P	P
CARRYING AMOUNT		
Buildings	194,851,952	166,025,228
Stripping Costs	284,888,012	-
Computers	21,398,284	17,824,616
Environmental decommissioning asset	96,673,117	92,513,881
Decomissioning of mining contractor site	5,042,765	-
Furniture & fittings	2,797,121	2,157,893
General equipment	28,969,229	25,436,642
Infrastructure	563,189,107	516,387,962
Mining equipment	228,753,905	208,361,727
Office equipment	1,232,162	1,488,654
Plant	84,095,683	83,363,298
Vehicles	29,919,067	28,082,887
Capital Work in Progress	540,151,737	572,908,798
	2,081,962,140	1,714,551,586

Buildings principally comprise buildings located on the Mine lease area 13 kilometres west of Palapye along the Palapye/Serowe Road - being offices and residential housing. The remainder comprises of a number of staff houses in various locations in Palapye.

The environmental decommissioning asset relates to the capitalised expected decommissioning costs at the end of the life of the Mine. The P11 603 877 (2021: P64 641 787) adjustment in the cost in the current year arose from revised Mine closure cost estimates which are reviewed every 5 years or whenever there is a substantial change in mining operations, as per note 15.
The decomissioning of the mining contractor asset at P6,723,687 (P2021 NIL) is the discounted value of the site de-establishment cost of the mining contractor as per the 5 year contract term.

Capital work-in-progress of P206 381 845 (2021:P206 451 065) relates to expenditure on the Motheo expansion project and Stay-In-Business projects. All the projects were planned to be completed in the year 2022, however some were delayed and were still ongoing as at December 2022.

8 RIGHT OF USE ASSET

	2021	Transfers	Additions	Disposals	Adjustment	2022
	P	P	P	P	P	P
COST						
Residential Buildings	7,897,095	401,303	2,219,251	4,961,971	-	5,555,678
Infrastructure	108,355		-	-	-	108,355
	8,005,450	**401,303**	**2,219,251**	**4,961,971**	**-**	**5,664,033**

	2021	Transfers	Charge for the year	Disposals	Adjustment	2022
ACCUMULATED DEPRECIATION						
Residential Buildings	7,016,738	-	2,240,429	4,677,923	-	4,579,244
Infrastructure	10,320		5,160	-	-	15,480
	7,027,058	**-**	**2,245,589**	**4,677,923**	**-**	**4,594,724**
CARRYING AMOUNT						
Residential Buildings	978,392				-	976,434
Infrastructure	98,035				-	92,875
	1,076,427	**-**	**-**			**1,069,309**

	2020	Transfers	Additions	Disposals	Adjustment	2021
RIGHT OF USE ASSET	P	P	P	P	P	P
COST						
Residential Buildings	6,986,187	-	1,312,211	-	401,303	7,897,095
Infrastructure	108,355		-	-	-	108,355
	7,094,542	**-**	**1,312,211**	**-**	**401,303**	**8,005,450**

	2020	Transfers	Charge for the year	Disposals	Adjustment	2020
ACCUMULATED DEPRECIATION						
Residential Buildings	4,398,390	-	2,618,348	-	-	7,016,738
Infrastructure	10,320		-	-	-	10,320
	4,408,710	**-**	**2,618,348**	**-**	**-**	**7,027,058**
CARRYING AMOUNT						
Residential Buildings	2,587,797				-	880,357
Infrastructure	98,035				-	98,035
	2,685,832	**-**	**-**			**978,392**

The Company has leases for residential houses occupied by its employees and a railway siding. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

9 INVENTORIES

	2022 P	2021 P
Coal stockpiles	139,284,041	152,240,611
Stores and consumables	80,760,122	51,041,569
Provision for obsolete stores and consumables (note 2)	(344,628)	(1,570,054)
	219,699,535	201,712,126

The cost of stores and consumables recognised as an expense through cost of sales during the year was P30 202 947 (2021: P22 331 528). Coal Stock is valued at the lower of cost and net realisable value, there was no write down of coal stock to net realisable value.

10 TRADE AND OTHER RECEIVABLES

	2022 P	2021 P
Trade receivables(gross)	780,770,673	596,157,856
Expected credit loss allowance	(486,275)	(69,372)
Trade receivables(net)	780,284,398	596,088,484
Value Added Tax receivable(gross)	11,990,704	2,887,859
Expected credit loss allowance	(383,346)	(832,207)
Value Added Tax receivable(net)	11,607,358	2,055,652
Prepayments	54,002,902	25,327,869
Deposits	847,500	870,600
Staff advances	737,196	494,455
Sundry debtors	556,880	1,988,528
	848,036,235	626,825,588

EXPECTED CREDIT LOSS

	2022 P	2021 P
Balance at the beginning of the year	901,579	109,848,871
Correction of prior period error	-	(109,848,871)
Restated opening balance	901,579	-
Charge/(reversal) for the year	(31,958)	901,579
Balance at the end of the year	869,621	901,579

The average credit period on sale of coal is 30 days. The carrying value of trade receivables approximates fair value. Before accepting any new customer, the Company assesses the potential customer's quality and defines credit limits by customer and, where appropriate, obtains collateral. The Company applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost using twelve months expected credit loss. Interest is chargeable on overdue amounts when provided for in the underlying coal sales agreements. Included in the trade receivables balance are debtors with a carrying amount of P585.6M (2021: P132.5M) (as aged below), which are past due at the reporting date and against which the Company has not raised a provision as there has not been a significant change in their credit quality and the amounts are considered recoverable. The Company has raised an expected credit loss provision of P486 275 (2021: P69 372) relating to an outstanding debtors balance other than from the Botswana Power Corporation coal sales.

		Days past due			
Trade Receivables	P	P	P	P	P
2022	**Not past due**	**< 30**	**61 to 90**	**> 90**	**Total**
Gross Carrying amount	194,680,019	61,915,401	133,531,219	390,644,035	780,770,673
Expected credit loss rate	0.00%	0.00%	0.28%	0.03%	
Expected credit loss rate within 12 months	(7,149)	(1,111)	(369,172)	(108,843)	(486,275)
Total	194,672,870	61,914,290	133,162,047	390,535,192	780,284,398
2021	**Not past due**	**< 30**	**61 to 90**	**> 90**	**Total**
Gross Carrying amount	153,106,713	61,841,804	70,674,799	310,534,540	596,157,856
Expected credit loss rate	0.00%	0.00%	0.04%	0.01%	
Expected credit loss rate within 12 months	(3,756)	(285)	(30,816)	(34,515)	(69,372)
Total	153,102,957	61,841,519	70,643,983	-	596,088,484

11 TAXATION

	2022	2021
	P	P
Opening Balance	(2,329,721)	2,520,235
Charge for the year	-	(7,795,312)
Payments	10,123,155	2,945,356
Total	7,793,434	(2,329,721)

12 STATED CAPITAL

	2022	2021
	P	P
10 000 ordinary shares	100	100

Ordinary shares are of no par value, carry one vote per share and carry a right to dividends.

13 BORROWINGS

13.1 Shareholder Loan

	P	**P**
Opening Balance	359,957,886	542,919,297
Interest on Shareholder Loan	19,494,353	18,460,631
Payments	(27,606,546)	(201,422,042)
Total	351,845,693	359,957,886
Total debt	351,845,693	359,957,886
Short term portion of borrowings	(175,922,847)	(8,112,193)
Long term portion of borrowings	175,922,846	351,845,693

The shareholder is Mineral Development Company Botswana Proprietary Limited ("MDCB"). The loan bears interest at a variable rate of 100 basis points above the current Bank of Botswana rate of 6.26% (2021: 4.75%) The loan is payable semi annually and payable over four years. The loan is unsecured.

13.2 Stanbic Short Term Loans on Working capital facility

	2022	**2021**
	P	**P**
Capital Balance	150,000,000	-
Interest on facility	2,898,685	-
Payments	(2,898,685)	-
Total	150,000,000	-
Total debt	150,000,000	-
Short term portion of borrowings	(150,000,000)	-
Long term portion of borrowings	-	-

Stanbic Working Capital Facility

The Company has an unsecured Invoice Financing facility of P150 million priced at prime less 2.35%,repayable over six months, with Stanbic Bank to assist MCM with working capital requirements as and when needed. As at December 2022, the facility has been fully utilised. Interest amounting to P2,9M was paid during 2022.

13.3 Financing Activities-Financing costs paid

	2022	**2021**
	P	**P**
Interest paid on Shareholder Loan	(27,606,546)	(25,499,196)
Interest paid on Stanbic working capital facility	(2,898,685)	-
Borrowings paid-Shareholder loan capital	-	(175,922,847)
Total Financing costs paid	(30,505,232)	(201,422,042)

13.4 Current and Long term portion of borrowings

Current portion	325,922,847	8,112,193
Long term portion	175,922,846	351,845,693
Total Borrowings	501,845,693	359,957,886

14 RIGHT-OF-USE LEASES

Refer to Note 8 for categories of leased assets. Infrastructure relates to a railway line leased over the life of mine lease. Residential buildings leased are from private landlords and the Botswana Housing Corporation, with various expiry dates. The leases do not contain a renewal option and can be terminated with notice.

	2022	2021
Lease liabilities are presented in the statement of financial position as follows:	P	P
Current	862,056	891,538
Non current	1,079,879	132,410
Total	1,941,934	1,023,948

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2022 is as follows:

	Weighted average effective interest	Within a year	1 - 2yrs	2 - 3 yrs.	3-4 yrs.	4-5 yrs.	More than 5 yrs.	Total
		P	P	P	P	P	P	P
2022								
Lease Liability	6%	862,056	793,056	400,897	8,738	8,738	104,857	2,178,341
		862,056	793,056	400,897	8,738	8,738	104,857	2,178,341
2021								
Lease Liability	6%	891,538	39,220	3,608	3,827	4,059	81,696	1,023,948
		891,538	39,220	3,608	3,827	4,059	81,696	1,023,948

	2022	2021
ANALYSIS OF CLOSING BALANCE	P	P
Opening Balance	1,023,948	-
Interest on leases	93,471	114,817
Additions	2,233,251	3,753,387
Terminations	(55,578)	-
Payments	(1,353,158)	(2,844,256)
Total	1,941,933	1,023,948

	2022	2021
AMOUNTS RECOGNISED IN PROFIT OR LOSS	P	P
Depreciation expense for Right of use assets	2,245,589	2,618,348
Interest expense	93,471	114,817
Short-term lease expenses(included in general and administrative costs)	36,000	6,000
Amount recognised in profit and loss	2,375,060	2,739,165

15 ENVIRONMENTAL COST PROVISION

15.1 MINE DECOMISSIONING AND REHABILITATION PROVISION

	2022	2021
	P	P
Balance at beginning of the year	144,974,977	73,690,886
Adjustment of the environment decommissioning asset (note 7)	11,603,877	64,641,787
Amount charged to cost of sales (note 2)	414,176	2,220,851
Unwinding of the discounting for the current year (note 3)	8,698,499	4,421,453
Balance at end of the year	165,691,529	144,974,977

The key assumptions on which environmental provision is based are:

a) Inflation factor of 4% per annum (2021: 4% per annum)
b) Pre-tax discount factor of 6% per annum (2021: 6% per annum)
c) Life of mine of 16.9 years (2021: 17.9 years)
d) Estimated costs of P197.0 million (2021: P197.0 million) for the decommissioning provision and P7.0 million (2021: P7.0 million) for the rehabilitation provision, were compiled by external professional valuers in December 2021. The Company policy is to contract an external professional expert to review these costs every 5 years, or whenever there is a substantial change in mining operations.

15.2 MINING CONTRACTOR SITE DECOMISSIONING PROVISION

	2022	2021
	P	P
Original value at present value	6,723,687	-
Unwinding of the discounting for the current year (note 3)	477,383	-
Balance at end of the year	7,201,070	-

The key assumptions on which site de-establishment provision is based are:

a) No Inflation factor (actual future costs per contract).
b) Discount factor of 5.50% per annum based on a 5-years government bond (2021: NIL)
c) Contact period of 5 years (60 months).
d) Contracted costs of P8.85 million (2021: PNIL) for the mining contractor site de-establishment charge as per contract.
e) The provision relates to site de-establishment of the surface mining contractor after a 5 year contract term. The costs include demobilisation of equipment and dismantling of any structures that are not transferred to the mine. An asset at the PV was

15.3 ANALYSIS OF CLOSING BALANCE

	Mine Decomissioning & Rehabilitation	Mining Contractor Site Decomissioning	Total
	P	P	P
Opening Balance 01 January 2021	144,974,977	0	144,974,977
Decomissioning adjustments (note 7)	11,603,877	6,723,687	18,327,564
Unwinding of discount (note 3)	8,698,499	477,383	9,175,881
Closure costs (charged to cost of sales)	414,176	0	414,176
Closing Balance 31 December 2022	165,691,529	7,201,070	172,892,599

The decomissioning provisions presentation in the statement of financial position is as follows:

Current Portion(unwinding of discount)	9,949,691	406,197	10,355,888
Long term portion	155,741,837	6,794,873	162,536,710
	165,691,529	7,201,070	172,892,599

16 DEFERRED TAXATION

Deferred tax		2022	2021
		P	P
Balance at beginning of the year		33,299,142	165,188,006
Correction of prior period errors	Note 27	-	(21,956,460)
Restated opening balance		33,299,142	143,231,546
Current year charge as previously stated		-	10,262,925
Current year charge-correction of errors	Note 27	-	(120,195,329)
Current year (charge)/credit (note 5)		(152,326,437)	-
Balance at end of the year-Deferred tax(liability)/asset		(119,027,295)	33,299,142

<u>Analysis of deferred taxation</u>

Unrealised exchange gain/ loss	10,494	16,023
Rehabilitation provision	18,341,986	13,752,624
Deferred revenue	297,634,678	405,714,350
Leases	427,226	225,268
Other prepayments	(10,166,730)	(3,892,609)
Prepaid insurance	(1,713,909)	(1,679,522)
Property, plant and equipment	(458,266,919)	(377,416,595)
BPC Revenue accrual	(19,736,584)	(10,192,984)
Staff Bonus provisions	5,867,322	3,929,688
Utilities accrual	1,718,685	997,675
Other provisions	814,718	1,845,224
Current year tax loss	46,041,738	
Balance at end of the year-Deferred tax(liability)/asset	(119,027,295)	33,299,142

The directors deem the deferred tax to be payable as the business is a going concern and future taxable profit is anticipated.Other provisions comprise of customer prepayments (P561K), audit fees (P147K) and bad debts provision (P107K). Other prepayments comprises payments in advance to trade and capital projects suppliers.

17 DEFERRED REVENUE

The Company delivers coal to the Botswana Power Corporation ("BPC") under a coal sales agreement. The selling price of coal under this agreement includes a "Capital Portion" (payable over the first 8 years of the 21 year contract period) and a "Fixed Portion", neither of which are receivable proportionally with tonnes delivered. The proceeds from BPC have therefore been recorded as deferred revenue, with the amount recognised as revenue proportional to the coal delivered to BPC (on a tonnage basis). The Deferred Revenue arises due to advance payments resulting from IFRS 15 principles which are considered a source of funding and therefore attract the financing charges at 8.4%. The Deferred Revenue is recognised as revenue over the duration of contract based on optimized contract price and tonnage.

		2022	2021
		P	P
Balance at beginning of year		1,844,156,136	2,262,756,750
Correction of prior period errors	Note 27		10,046,778
Restated opening balance			2,272,803,528
Finance cost for the year	Note 3 & 27	125,651,882	173,811,434
Amortisation of deferred revenue for the year-as previously stated			$\boxed{(127,581,413)}$
Amortsiation of deferred revenue for the year-correction of errors	Note 27		$\boxed{(474,877,413)}$
Total amortisation of deferred revenue for the year	Note 1.1	(616,923,118)	(602,458,826)
Balance at end of year		1,352,884,900	1,844,156,136
Short term portion of deferred revenue	Note 27	293,056,157	491,271,236
Long term portion of deferred revenue		1,059,828,743	1,352,884,900
Total deferred revenue	Note 27	1,352,884,900	1,844,156,136

18 TRADE AND OTHER PAYABLES

	2022	2021
	P	P
Trade payables	107,334,601	53,419,320
Advance payments received from customers	2,554,704	578,161
	109,889,306	53,997,481
Value Added Tax (VAT) payable	2,004,163	1,523,815
Salary-related accruals	48,802,255	36,851,650
Capital retentions held	2,661,227	1,118,300
Royalties payable on sales	4,320,205	1,871,077
Utility accruals	7,812,205	4,534,888
Other payables	5,740,587	1,361,177
	181,229,947	101,258,388

Trade payables are obligations to pay for goods and services. The Company has financial management procedures to ensure that payables are settled on time. The Company has not incurred interest penalties relating to accounts payable. The average number of days in payables is 30 days (2021: 30 days).

Other Payables is comprised of sporting and recreation club, insurance, audit and directors fees and severance provision for the mining contractor.

19 RELATED PARTY DISCLOSURES

Related parties of the Company include key management personnel, directors, Investment in Rehabilitation Trust and transactions with its shareholder; Mineral Development Corporation Botswana (Proprietary) Limited (MDCB) and companies owned by the Government of Botswana that have significant transactions with MCM. Transactions with the below related parties were at arm's length.

	2022	2021
Balances owing:		
Related parties balances receivable	P	P
Other Related parties		
BPC (included in trade receivables - note 10)	764,151,904	587,574,796
Botswana Ash Limited (included in trade receivables - note 10)	1,403,211	2,458,003
Subsidiary		
MCM Rehabilitation Trust (included in trade receivables-note 10)	307,214	47,865
Investment in Rehabilitation Trust	89,519,935	82,463,051

The Morupule Coal Mine Rehabilitation Trust was established on 8 May 2018 for the purpose of setting aside funds for the rehabilitation of the Mine upon closure. MCM is the sole beneficiary of the Trust which is administered by independent Trustees. Access to the assets of the Trust is restricted up to the cessation of the mining operations. Investment in Rehabilitation Trust is accounted for at amortized cost.

	2022	2021
	P	P
At 31 December 2022 the total assets of the Trust amounted to:	105,465,911	91,706,879

	2022	2021
Borrowings (note 13):	P	P
Shareholder loan - MDCB	351,845,693	359,957,886

	2022	2021
Transactions (income)/expenses:		
Other Related party	P	P
BPC - coal sales	(1,311,670,022)	(1,009,417,737)
Botswana Ash Limited - coal sales	(47,174,162)	(49,862,084)
Royalties paid to Government of Botswana (note 2)	30,133,464	24,104,529
BPC - interest received (note 4)	35,315,352	15,284,861
Directors' fees	488,025	287,175
Remuneration of key management personnel (note 2):		
Post retirement benefits	1,887,774	1,180,973
Other employee benefits	20,380,255	18,470,428
	22,268,029	19,651,401
Finance costs (note 3):		
Shareholder -MDCB	19,494,353	18,460,631

20 CAPITAL COMMITMENTS

	2022 P	2021 P
Capital expenditure authorised by the directors but not incurred:		
Expenditure contracted for	170,575,279	99,087,355
Expenditure not contracted for	252,716,702	416,213,967
	423,291,981	515,301,322

The capital commitments are to be financed by internally generated funds.

21 RETIREMENT BENEFITS

Retirement benefits are provided for all eligible citizen employees of the Company through the Debswana Pension Fund, which is governed by the Pensions and Provident Funds Act (Chapter 27:01), on the basis of a defined contribution plan. (Refer to note 1 for current year pension costs).

22 CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will be confirmed only by an uncertain future event, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured.

Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

The Company does not estimate that a contingent liability may arise from coal that has not been taken by BPC in respect of the contract period up to 31 December 2022 (2021: 8 945 228 tons), (2021:P 440 037 442).

23 FINANCIAL INSTRUMENTS

Categories of Financial Instruments	2022 P	2021 P
Financial assets at amortised costs		
Trade receivables	780,284,398	596,088,484
Investment in rehabilitation	89,519,935	82,463,051
Cash and short term deposits	19,638,455	221,134,482
Total	889,442,789	899,686,017
Financial liabilities at amortised costs		
Trade payables	109,889,306	53,997,481
Capital retentions held	2,661,227	1,118,300
Royalties payable on sales	4,320,205	1,871,077
Utility accruals	7,812,205	4,534,888
Other payables	5,740,587	1,361,177
Short term portion of borrowings	325,922,847	8,112,193
Long term portion of borrowings	175,922,846	351,845,693
Total	632,269,223	425,170,530

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Capital risk management
The Company manages its capital to ensure that it continues as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Company consists of net debt, which includes the borrowings (note 13), related Company balances (note 18), bank balances and cash.

Gearing ratio
The Company's management overall strategy is to keep the gearing ratio at a minimum.

23 FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management (continued)	**2022** P	**2021** P
Debt (i)	(150,000,000)	-
Bank balances and cash	19,638,455	221,134,482
Net (debt)/cash	(130,361,545)	221,134,482
Equity (ii)	1,439,742,369	272,848,265
Net debt to equity ratio	0.09	0.81

i. Debt is defined as unsubordinated borrowings (note 13).

ii. Equity as defined comprises stated capital, retained profits, accumulated losses and Shareholder Loans (including interest accrued on Shareholder Loan and loans payable on demand) (note 17).

Financial risk management objectives
The Company accesses domestic financial markets and, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and credit risk.
Foreign currency risk management
The Company undertakes certain transactions denominated in foreign currency resulting in exposure to fluctuations in foreign exchange rates. Exchange rate exposures are managed through continuous dialogue with the bankers on the anticipated movement in the exchange rates.
The carrying amounts of the Company's foreign currency denominated liabilities and assets at balance sheet date are as follows:

	2022 P	**2021** P
South African Rand trade payables	(81,095,794)	(19,209,301)
South African Rand bank and cash	1,698,851	1,121,458

Foreign currency sensitivity analysis
The following details the Company's sensitivity to a 5% increase or decrease in the Botswana Pula against the South African Rand (ZAR).5% is the most likely change in exchange rates as assessed by the company's management. A positive number below indicates an increase in profit where the Pula strengthens against the ZAR. For a 5% weakening of the Pula against the ZAR, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2022 P	**2021** P
Profit or loss and equity	4,054,790	960,465

Interest rate risk
The Company is exposed to movement in interest rates because it has fixed deposit accounts and a long term loan whose interest rates are linked to the monetary policy rate (note 10).

If interest rates were 1% lower and all other variables were held constant, the Company's profit would move as shown below. For a 1% increase in interest rates there would be an equal and opposite impact on the profit and the balances would be negative.

	2022 P	**2021** P
Profit or loss and equity	4,822,072	1,888,234

23 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by credit limits that are reviewed and approved by management.

Trade receivables consist of a few customers (with Botswana Power Corporation (BPC) constituting over 90%), resulting in concentration risk. Ongoing credit evaluations are performed on the financial condition of accounts receivable and where appropriate credit guarantees from reputable financial institutions and/or cash collateral are obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has a drawn and unsecured Invoice Financing facility of P150 million priced at prime less 2.35% and a credit card facility of P150 000 with Stanbic Bank to assist MCM with working capital requirements as and when needed. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include principal cash flows only.

	Weighted average effective interest rate	Less than 1 month P	1-3 months P	3 months to 1 year P	1-5 years P	5+ years P	Total P
2022							
Trade and other payables	0%	130,423,530	-	-	-	-	130,423,530
Variable interest rate instruments- interest	6.26%	-	-	-	-	-	
Variable interest rate instruments -capital	6.26%		-	175,922,847	87,961,423	87,961,423	351,845,69
Variable interest rate instruments- interest	prime-2.35%						
Variable interest rate instruments -capital	prime-2.35%		62,186,846	87,813,154			150,000,00
		130,423,530	62,186,846	263,736,001	87,961,423	87,961,423	632,269,22
2021							
Trade and other payables	0%	62,882,923	-	-	-	-	62,882,92
Variable interest rate instruments- interest	5.25%	-	8,112,193			-	8,112,19
Variable interest rate instruments -capital	5.25%		87,961,423	175,922,847	87,961,423		351,845,69
		62,882,923	96,073,616	175,922,847	87,961,423	-	422,840,80

24 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and interpretations adopted in the current year

The Company has not yet adopted the new and revised standards and interpretations shown below.

Standards and interpretations in issue but not yet effective

New/Revised International Financial Reporting Standards	Effective Date
IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a single transaction)	Annual periods beginning on or after 1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	Annual periods beginning on or after 1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments to disclosure of Accounting Policies)	Annual periods beginning on or after 1 January 2023
IAS 16 Property, Plant and Equipment (Proceeds before Intended Use)	Annual periods beginning on or after 1 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	Annual periods beginning on or after 1 January 2024

Management does not expect these standards, amendments and interpretations to have a significant impact on the company's financial results. However, some of the standards will result in changes in the presentation and disclosures in the financial statements.

25 GOING CONCERN

The Company has adequate cash resources and is satisfactorily cash generative as provided for within its key coal supply agreement with BPC, allowing the Company to be well placed to manage its business risks successfully. Management is therefore satisfied that the Company has adequate resources to continue to operate for the foreseeable future and that the Company is a going concern. For this reason the financial statements have been prepared on the going concern basis.

26 SUBSEQUENT EVENTS

The Company converted the P150 Million Stanbic Bank working capital facility (Note 13) into a 12-month loan as from March 2023.The loan attracts interest at prime (6.76%) minus 0.75%.

A loan of P100M was obtained from Bank Gaborone as at March 2023 payable within 36 months.
The loan attracts interest at prime (6.76%) plus 3%.

The Board of Directors is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements that would have a significant effect on the operations of the company or the result of its operations.

Notes

27 Correction of prior period errors

During the current financial year, the mine identified two prior period errors relating to the accounting treamement of deferred revenue and expected credit losses in respect of a single supply contract of coal to the Botswana Power Corporation (BPC) which took effect in 2011. *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

(i) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(ii) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

To correct the errors, the mine has presented a third balance sheet as at 31 December 2020 because the errors date as far back as 2011. In addition, the financial statements for the year ending 31 December 2021 have been restated to correct the errors. A summary of the financial impact resulting from the correction of the errors is presented in Notes 27(a) to 27(d). Details of the errors are discussed in the notes below.

27(a) The mine erroneously recognised expected credit losses(ECL) in respect of amounts owed by BPC. The error had the effect of understating trade receivables and reported profits. Refer to note 27(a) for the financial impact relating to the correction of the ECL error.

27(b) In line with *IFRS 15 Revenue from contracts with customers*, an entity is required to account for a significant financing component if the payment pattern embedded in a long term contract provides the supplier with advance payments based on the principles of the accounting standard. IFRS 15 considers advances payments as funding provided by the customer to the supplier and therefore it requires that a finance cost should be imputed and recognised as an expense using the incremental borrowing rate. The contract has a tenure of 22 years and from inception the mine did not recognise the finance costs associated with advance payments and therefore a prior period error. The error has been corrected retrospectively by restating the earliest comparative period presented. The error had the effect of understating finance costs. In addition, the carrying amounts of deferred revenue on the balance sheet and revenue on the income statement were misstated. Refer to note 27(b) for the financial impact relating to the correction of this error.

27(c) The errors discussed above had a material impact on the carrying amount of deferred tax asset as well as reported profits. The correction of the errors has resulted in material reduction in the carrying amount of deferred tax. Refer to note 27(c) for the financial impact relating to the correction of this error.

Restatement of Prior Period Errors - Disclosure

Extract from the statement of financial position			Cumulative adjustments to December 2021						
DESCRIPTION		**As Previously Report (2021)**	Opening balance	Current Period				Total Adjustment	**Restated (2021)**
Nature of errors				BPC - ECL Reversal	Deferred revenue - Finance cost	Deferred revenue - Amortisation	Tax income/(expense)		
Description of the errors	**Notes**			27(a)	27(b)	27(b)	27(c)		28(d)
ASSETS									
Non-current assets									
Deferred tax asset	16	175,450,931	(21,956,460)				(120,195,329)	(142,151,789)	33,299,142
Current Assets									
Trade & other receivables	10	271,700,294	109,848,871	245,276,423				355,125,294	626,825,588
EQUITY AND LIABILITIES									
Capital and reserves									
Retained profits/(Accumulated losses)		(76,729,495)	77,845,632	245,276,423	(173,811,434)	474,877,413	(120,195,329)	503,992,706	427,263,211
Non-current liabilities									
Long term portion - deferred revenue	17	1,840,690,917	10,046,778		(22,975,383)	(474,877,413)		(487,806,017)	1,352,884,900
Current liabilities									
Short term portion deferred revenue	17	294,484,420			196,786,816			196,786,816	491,271,236
Extract from the statement of profit or loss & other comprehensive income									
Revenue from contracts with customers	1.1	827,770,540				474,877,413		474,877,413	1,302,647,953
General and administrative costs	2	(398,800,271)		245,276,423				245,276,423	(153,523,848)
Finance cost	3	(22,996,901)			(173,811,434)			(173,811,434)	(196,808,335)
Income tax (expense)/income	5	2,467,614			-		(120,195,329)	(120,195,329)	(117,727,715)
Extract from the statement of cash flows									
Cash flows from financing activities									
Operating profit/(loss)	1	(31,022,049)		245,276,423		474,877,413		720,153,836	689,131,787
Adjust for:									
Expected credit loss	10	355,194,666	(109,848,871)	(245,276,423)				(355,125,294)	69,372
Decrease in deferred revenue		-				(474,877,413)		(474,877,413)	(474,877,413)

Restatement of Prior Period Errors - Disclosure

Extract from the statement of financial position		**As Previously Report (2020)**	**Cumulative adjustments to 31 December 2020**				**Restated (2020)**
Nature of errors			BPC - ECL Reversal	Deferred revenue	Tax income/(expense)	Total Adjustment	
Description of the errors	**Notes**		27(a)	27(b)	27(c)		27(d)
ASSETS							
Non-current assets							
Deferred tax asset	16	165,188,006			(21,956,460)	(21,956,460)	143,231,546
Current Assets							
Trade & other receivables	10	201,068,124	109,848,871			109,848,871	310,916,995
EQUITY AND LIABILITIES							
Capital and reserves							
Retained profits/(Accumulated losses)		(66,349,269)	109,848,871	(10,046,778)	(21,956,460)	77,845,632	11,496,363
Non-current liabilities							
Long term portion - deferred revenue	17	1,979,986,156		(135,830,020)		(135,830,020)	1,844,156,136
Current liabilities							
Short term portion deferred revenue	17	282,770,594		145,876,798		145,876,798	428,647,392

MORUPULE COAL MINE LIMITED
Management income statement and reconciliation
for the year ended 31 December 2022

	2022 P	2021 (Restated) P
MANAGEMENT INCOME STATEMENT		
Gross turnover	952,115,068	700,189,127
Cost of Sales	(563,748,976)	(467,784,365)
Mining profit before deferrals	388,366,092	232,404,762
Administrative costs	(228,622,402)	(153,523,848)
Other income	5,499,520	7,792,047
Profit/(loss) before interest, tax and deferrals	165,243,210	86,672,961
Finance costs	(157,314,273)	(196,808,335)
Interest received	38,107,748	41,171,110
Profit/(loss) before taxation and deferrals	46,036,684	(68,964,263)

RECONCILIATION

Reconciliation of profit before taxation and deferrals to profit for the year:

Profit/(loss) before taxation and deferrals	46,036,684	(68,964,263)
Transfer (From) to deferred revenue	616,923,118	602,458,826
Tax charge	(152,326,437)	(117,727,715)
Profit(/loss) and total comprehensive income for the year	510,633,365	415,766,848

The supplementary information presented does not form part of the financial statements and is unaudited.