



BRIKOR LIMITED

The background of the lower half of the cover is a photograph. On the left, there is a section of a brick wall with some mortar missing, revealing the bricks underneath. On the right, a close-up shows a pair of hands, possibly wearing gloves, shaping a piece of wet, reddish-brown clay into a brick. A diagonal band of orange and red colors cuts across the image from the bottom left towards the center.

2021 INTEGRATED ANNUAL REPORT

THE SPIRIT OF BRICKMAKING

CONTENTS

1	About our integrated annual report
5	Financial highlights
6	Operational highlights

Who we are

7

8	Group profile
---	---------------

Overview

14

15	Financial indicators
17	Chairperson's report
23	CEO's report
30	Financial Director's report

Governance

40

41	Corporate governance
42	Board of Directors
50	Board sub-Committees
51	Executive Committee
53	Corporate governance report
66	Combined assurance
69	Stakeholder engagement
73	Risk management
80	Report of the Nomination Committee
84	Report of the Remuneration Committee
99	Report of the Social and Ethics Committee

Sustainability

105

106	Sustainability report
-----	-----------------------

Competent person's report

128

129	Competent person's report
-----	---------------------------

Annual Financial Statements

142

143	Consolidated and separate annual financial statements
144	Statement by the CEO and Financial Director
145	Statement of responsibility and approval by the directors
146	Certification by Company Secretary
147	Report of the Audit and Risk Committee
156	Directors' report
163	Independent auditor's report
168	Consolidated and separate statement of financial position
169	Consolidated and separate statement of profit or loss and other comprehensive income
170	Consolidated and separate statement of changes in equity
171	Consolidated and separate statement of cash flows
172	Notes to the consolidated and separate financial statements

Shareholders

236

237	BBBEE shareholding
242	Market performance
243	Shareholders' diary
244	Notice of Annual General Meeting
255	Form of proxy (Attached)
257	BBBEE Compliance Report
259	Corporate information

■ ■ ABOUT OUR INTEGRATED ANNUAL REPORT

This Integrated Annual Report strives to convey the essence of who the Brikor Group and its directors are as well as what they believe in. It strives to indicate the Group's commitment to sustainability, accuracy, transparency and integrity. Substance, rather than form, is applied in the structure and content of this report to invigorate existing stakeholders and invite potential future stakeholder interest in the Group. This is accomplished through sharing the history of the Group and providing a proud view into the vision of where the Group wishes to find itself in the short-, medium- and long-term.

REPORTING FRAMEWORKS

The 2021 Integrated Annual Report has been compiled in accordance with the principles and requirements of:

- International Financial Reporting Standards (IFRS);
- King IV™ on corporate governance;
- JSE Listings Requirements (service issue 27);
- Companies Act, no 71 of 2008, as amended (Companies Act);
- GRI Sustainability Reporting Standards; and
- all other relevant legislative and non-legislative principles and guidelines.

The Company has adopted the value-adding principles enshrined in King IV™ and views integration, together with Board and Executive Committee education, as a phase of the process.

These frameworks inform our

REPORTING PHILOSOPHY

We continuously strive to improve our reporting elements, alignment to relevant reporting frameworks and best practice.

We seek to provide relevant and material information for investors and other stakeholders through a report that is accessible to the reader.

Our objective is to strengthen our application of integrated reporting guiding principles and content elements, focusing on:

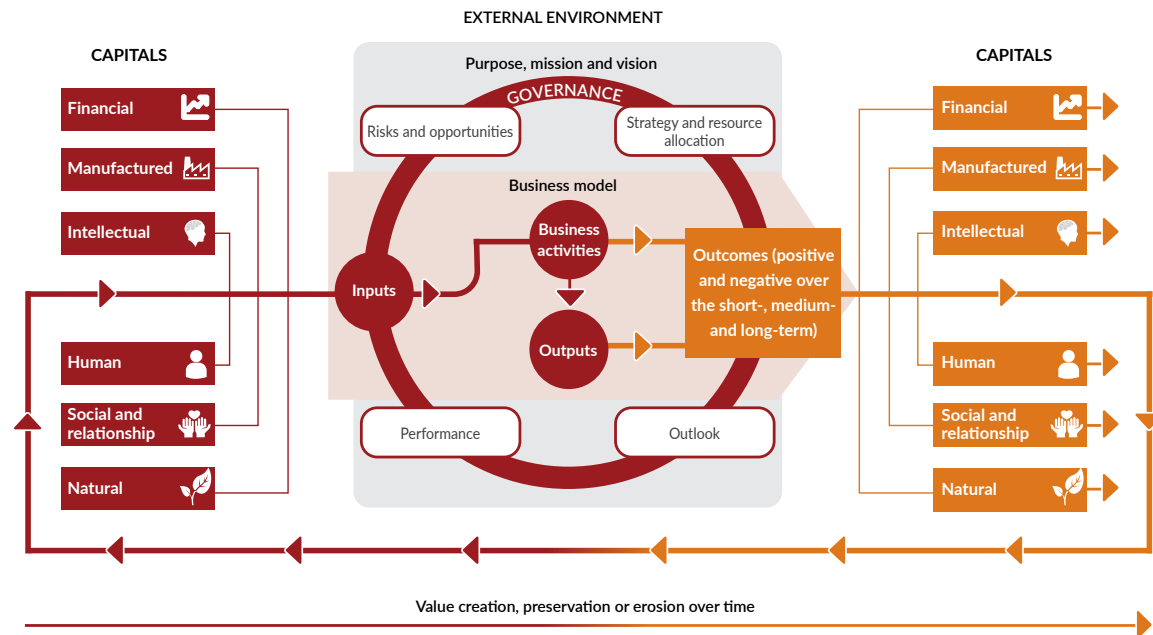
- material matters in the sustainability section;
- streamlining financial reporting;
- enhancing the transparency of the remuneration chapter;
- benchmarking performance according to achievements;
- improving connectivity of information; and
- simplification of complex matters.

The reporting philosophy led to our

About our integrated annual report

continued

REPORT STRUCTURE



The integrated reporting framework recommends reporting on the capital resources that are utilised in the creation, preservation or erosion of value.

These forms are classified as the six forms of capital being financial, manufactured, intellectual, human, social and relationship and natural. These capitals form the basis against which all concepts, ideas and challenges are measured to ensure that the best possible value proposition for all stakeholders is realised.

SCOPE OF THIS REPORT

The report covers the integrated financial and non-financial performance of the Brikor Group, which includes Brikor Limited and its subsidiary for the period 1 March 2020 to 28 February 2021.

Sustainability reporting coincides with Brikor's Integrated Annual Report, and forms part of the Integrated Annual Report. The Group only operates within the boundaries of South Africa, with its head office located in Nigel.

The primary objective of this Integrated Annual Report is to demonstrate the ability of Brikor to create and retain value as well as to prevent the erosion of value. The Integrated Annual Report will provide a greater understanding of the Group's strategy, its business model and its major impacts across economic, social and environmental aspects as well as insight into how the Group is managed.

A synopsis of economic, environmental and social indicators is presented on pages 105 to 127, as the Group progresses on its path to adopt a more integrated approach in its reporting.

About our integrated annual report

continued

The adoption of integrated reporting principles is a developmental and evolutionary process and it may take some time to fully implement these principles and achieve the desired level of reporting. This report, nevertheless, offers stakeholders a more holistic view of Brikor's operations and provides insight on both financial and non-financial matters for the reporting period ended 28 February 2021.

As the concepts and practices of integrated reporting develop, management will aim to improve disclosures and application as deemed appropriate.

The Integrated Annual Report is also available online at www.brikor.co.za.

APPROACH TO SUSTAINABILITY

The Group maintains that true sustainability requires integration into each aspect of its day-to-day business activities to deliver long-term sustainable value to all stakeholders. The dynamic nature of sustainability and sustainability reporting demands a willingness to adopt advancements in conceptual understanding, which led to the adoption of the six capitals, which form the identifiable core attributes that require ongoing commitment for the Group to become truly sustainable.

MATERIAL ISSUES

The extent of disclosure and content of this report is driven through the application of materiality determined by the Brikor Board of Directors. This materiality is not only based on a quantitative value, but also the qualitative nature of a material issue and how it impacts on the achievement of the strategic targets and sustainable profitability of the Group, and its ability to create and retain value over time as well as prevent the erosion of value. The disclosure excludes information which could lead to loss of the Group's competitive advantage and price-sensitive information has also been excluded.

Material issues

The directors, in consultation with management, annually identify the issues that could have the most significant impact on the Group's ability to create sustainable value for its stakeholders. In determining these material issues, the directors consider internal and external factors, including the Group's strategy, the needs, expectations and concerns of its stakeholders, and the economic and trading environment. These material issues are reviewed each year during the course of the Board's strategic planning process.

The risks relating to these material issues are disclosed together with opportunities to provide our stakeholders with insight into the growth drivers of the business and are disclosed on pages 73 to 79 of the Integrated Annual Report.

ASSURANCE, COMPARABILITY AND RESTATEMENTS

A combined assurance model is applied to provide a coordinated approach to all assurance activities.

The content of this Integrated Annual Report has been reviewed by the directors and management but has not been externally assured.

The consolidated and separate financial statements have been audited by Nexia SAB&T, who expressed an unmodified audit opinion. The consolidated and separate financial statements have been prepared in accordance with IFRS. The BBBEE rating and the Competent Person's Report were verified by accredited external independent service providers Amax BEE Verifications (Pty) Ltd and Minxcon (Pty) Ltd, respectively, and the Board is satisfied with the processes for measuring all other non-financial information.

About our integrated annual report

continued

Most of the performance measures included in this report have comparative figures and, unless specifically stated otherwise, cover the financial year of the Group and the Company. All current information represented against comparative information from the prior year, has been compiled using materially the same methodologies, assumptions and accounting principles, where applicable.

There were no restatements during the reporting period.

FEEDBACK REQUEST

The Board welcomes feedback on Brikor's 2021 Integrated Annual Report from stakeholders. Please contact Ms Joaret Botha on joaret@brikor.net with any questions or queries on this report.

FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which Brikor believes are reasonable and take into account information available up to the date of this report. Results could, however, differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, changes in the regulatory environment and fluctuations in commodity prices. As a result, these forward-looking statements are not guarantees of future performance and are based on numerous assumptions regarding Brikor's present and future business models, strategy and the environment in which it operates.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Brikor expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based. The forward-looking statements have neither been reviewed nor audited by the Group's external auditors, Nexia SAB&T.

BOARD APPROVAL

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board has collectively assessed the content and confirm that the report addresses all material issues and fairly represents the integrated performance of the Group.

The Audit and Risk Committee, which has oversight responsibility for integrated reporting, recommended the report for approval by the Board. The Board approved the 2021 Integrated Annual Report on 22 June 2021 for release to shareholders on 25 June 2021.



Allan Pellow
Independent Non-Executive Chairperson



Garnett Parkin
Chief Executive Officer



Joaret Botha
Financial Director

■ ■ FINANCIAL HIGHLIGHTS

Revenue

DECREASED BY

11,9% to R257,9 million

Earnings per share

INCREASED BY

850,0% to 1,9 cents

Headline earnings per share

INCREASED BY

2 000,0% to 2,1 cents

Total equity

INCREASED BY

17,5% to R80,5 million

Cash and cash equivalents

INCREASED BY

285,2% to R15,3 million

Net asset value per share

INCREASED BY

17,4% to 12,8 cents per share

Tangible net asset value per share

INCREASED BY

33,9% to 7,9 cents per share

Current asset ratio

DECREASED BY

2,2% to 1,31:1

Acid test ratio

INCREASED BY

28,8% to 0,8:1

OPERATIONAL HIGHLIGHTS

Upliftment of the suspension of Brikor's listing on the Alt^x of the JSE on 23 July 2020 and trading in shares recommenced

Total carbon emissions decreased by 34,8% from 65 857,30 CO₂e tonnes to 42 907,97 CO₂e tonnes

Establishment of Kopanela Mining (Pty) Ltd in October 2020 – a broad-based black ownership vehicle to secure future prospecting and mining rights

Acquisition of a 40% stake in Zingaro Holdings (Pty) Ltd after the reporting date

Brikor Group maintains its Level 4 BBBEE rating

"We are what we believe we are."

CS Lewis



WHO WE ARE





GROUP PROFILE

BRIKOR GROUP

Brikor, which listed on the AltX in August 2007, is a manufacturer and supplier of building and construction materials used across a broad spectrum of application from low-cost housing to residential, commercial, industrial, civil engineering and infrastructure projects.

The Group operates through two segments:

BRICKS – Plant 1 and Plant 3 at Brikor; and

COAL – Ilangabi Investments 12 (Pty) Ltd (“Ilangabi”), a wholly-owned subsidiary.

Brikor has two manufacturing and beneficiation plants in Gauteng.

The two clay brick manufacturing plants, located in Nigel, have production capacities in excess of 160 million bricks per annum. These plants produce semi-face clay and stock bricks for the construction industry.

Ilangabi, located in Nigel, has a mining capacity of approximately 800 000 tonnes of clay and 700 000 tonnes of coal per annum.

The Group’s impact on the community is further enhanced through the employment of 581 staff members as at 28 February 2021.

Kopanela Mining

Brikor, to meet its obligations under the Mining Charter – Sept 2018, registered Kopanela Mining (Pty) Ltd (“Kopanela”), which has black ownership in compliance with the Charter’s requirements. A profile on Kopanela Mining appears on pages 12 to 13.

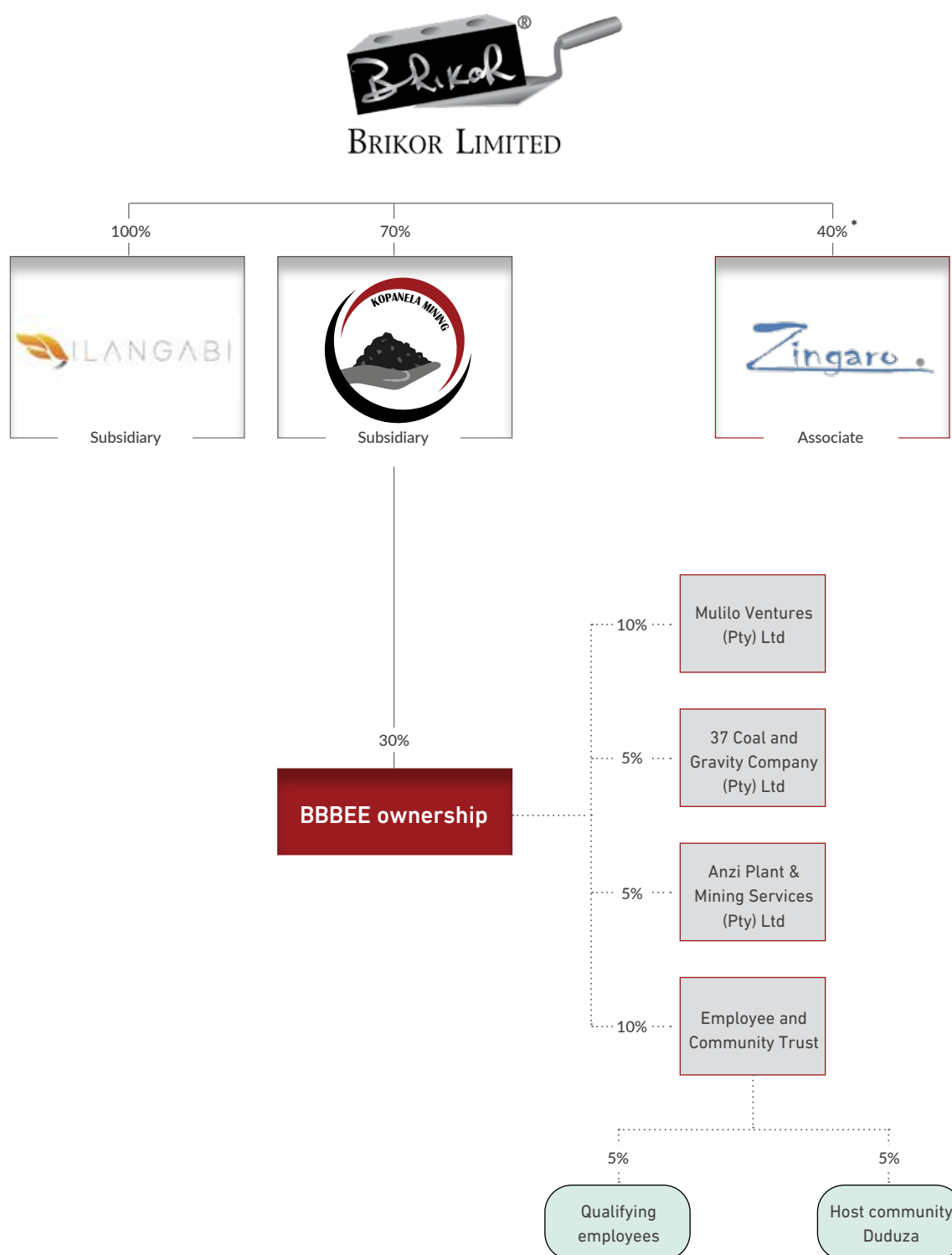
Zingaro Holdings

Subsequent to the reporting date, and as announced on SENS on 3 March 2021, Brikor acquired a 40% shareholding in Zingaro Holdings (Pty) Ltd (“Zingaro”), the details of which are disclosed in note 34 of the financial statements. A brief profile of Zingaro appears on page 13. Zingaro is an associate company of Brikor Limited.

Group profile

continued

GROUP STRUCTURE



* Acquired after the reporting date.

Group profile

continued

OUR CORE PURPOSE

We exist to build our region's future by manufacturing and supplying high-quality building, construction and mining materials to the market.

OUR VISION

To be a leading market player in mining and construction sectors by ASPIRE-ing to meet the needs of our current and future clients through tailoring our offerings to add value to their endeavours and create value for our stakeholders.

OUR VALUES

The Brikor Board has adopted the following values for the Brikor Group, with the acronym:

A.S.P.I.R.E.

A

Accountability – Requiring each of us to be prepared to make commitments, be judged against our commitments, deliver on those commitments and be responsible for our actions.

S

Synergy – Requiring each of us to recognise our obligation to the entire organisation. To push beyond the limits of what is best for us individually, or as a group or unit, and strive to break new ground, fuelled by our passion and commitment.

P

People-centric – Investing in our people and creating an empowering environment through development, support, mentoring, coaching, valuing diversity, recognition and reward.

I

Integrity – Requiring each of us to be honest, trustworthy, truthful, consistent and open in our conduct and decision making.

R

Respect – Requiring each of us to recognise the inherent worth of every human being and to treat all people accordingly.

E

Ethical – To behave in a manner which is consistent with what is right or moral.

OUR VALUE PROPOSITION



We provide a wide range of quality building and mining materials to our broad spectrum of valued customers and meet their needs through our tailored services and products.

OUR ECONOMIC DRIVERS



We commercialise the process of extracting, manufacturing and supplying the materials required for the building, construction and energy sectors.

OUR BUSINESS MODEL



Value creation in Brikor's business model remains vested in its ability to maintain consistent quality through experience and its upward diversification through investment which ensures sustainability (volume and input costs) of raw material supply and firing products (coal used in burning of kilns). The location of the clay and coal reserves in close proximity to the clay brick manufacturing plants further enhances synergies in the Group.

Group profile

continued

OUR BUSINESS OBJECTIVES

Purpose

The Group's purpose objectives are informed by its people and teams, processes, products and pipeline. To this end, Brikor's strategy is rolled out to all levels in the organisation in an engaging manner while facilitating measures through which the Group's core purpose and values are clearly understood and lived. Brikor's organisational structure is reviewed and adjusted, when required.

Pipeline

Brikor conducts brand awareness and social media campaigns on a daily basis, thereby invigorating the Brikor brand. The Group has an engaged and dedicated interactive management team and, through their leadership and efforts, Brikor's diversified product range in both the construction and mining sectors, will lead to Brikor becoming the brand of choice in creating value for shareholders.

People and teams

Brikor has a healthy culture with shared values which lead to engaged, inspired and productive employees.

The CEO is the internal strategy and tactical champion, who drives the execution of all strategic projects, and a formal accountability and steering committee will be constituted to drive, own and execute cross-functional projects. The Group's employees are proud Brikor and Ilangabi brand ambassadors. Communication platforms are continuously optimised, and communication training is offered and facilitated.

Profitability

Cost-saving drives have been implemented successfully and there are ongoing initiatives being implemented by management to ensure that targets are met, and budgets achieved. Brikor is nearing completion with its settlement of legacy debt, thereby positioning the Group for future growth from a low gearing position.

Processes

Standard Operating Procedures (SOPs) are in place across all departments, which SOPs are continually monitored, re-evaluated and adjusted. Performance management systems have been implemented successfully and implemented during the reporting period. The Group's labour force operates at efficiency targets, as measured against set targets, and the skills required to implement further pipeline projects have been resourced. The quality of all Brikor's products exceeds the minimum industry criteria and quality controls are ongoing.

Products

The Group's product offering in both the Bricks and Coal segments will be expanded. Strengthening and controlling aspects of the value chain will lead to enhanced quality of products and service delivery. The focus going forward will be on product development in the Bricks segment and higher-grade coal blending in the Coal segment.

OUR CAPITALS

Financial capital – Economic resources to fund our business

Manufactured capital – Our infrastructure that generates income

Intellectual capital – Competitive advantage gained by our people through their knowledge and intellectual property

Human capital – The knowledge, skills, talents and experience of people that determine our capacity to accomplish goals

Social and relationship capital – The value we build through engagement, information sharing and working together

Group profile

continued

KOPANELA MINING PROFILE

Background

Although the Mining Charter is currently in draft, Brikor will be required to be measured under this Charter and, therefore, it is important to consider the requirements of the Mining Charter when looking at the ownership options. The final structure will be required to be a BBBEE-compliant company as defined in the Charter.

“BBBEE-compliant company” means a company with a minimum BBBEE level 4 status in terms of the BBBEE Codes of Good Practice and a minimum 26% black ownership, however, this would need to increase to 30% within a period of five years from the date of operation of the Charter.

A minimum of 70% of total mining goods procurement spend must be on South African manufactured goods. Of the 70% of the total mining goods procurement, 44% of the total mining goods procurement budget must be spent on South African manufactured goods by BBBEE-compliant companies.

Profile

Kopanela Mining (Pty) Ltd is a company established in October 2020 as a broad-based black ownership vehicle to secure future prospecting and mining rights.

Ownership

Brikor, to meet its obligations under the Mining Charter – Sept 2018, registered Kopanela Mining (Pty) Ltd, which has black ownership in compliance with the Charter’s requirements. In terms of the Charter, the minimum of 30% BBBEE shareholding must be distributed in the following manner:

- a minimum of 5% to qualifying employees;
- a minimum of 5% to host communities; and
- a minimum of 20% to a 51% BBBEE-owned entrepreneur, 5% of which must preferably be for women.

Details of the ownership of Kopanela Mining (Pty) Ltd, as outlined in the Group Structure on page 9, are as follows:

Brikor Limited – 70% ownership

Mulilo Ventures (Pty) Ltd – 10% ownership

Mulilo Ventures (Pty) Ltd, an Omang Group special purpose vehicle, is a mining holding company with a focus on coal, chrome and manganese as well as other mineral processing opportunities. The Omang Group of Companies, a black-owned Group with a level 1 BBBEE status, is focused on mining, logistics, trading, renewable energy, ICT, property and manufacturing services and supplies. Further details are available on their website at www.omanggoc.com. Bungane Kakana is the Chief Operating Officer at Omang Group of Companies and serves as a non-executive director on the Kopanela Board.

Group profile

continued

37 Coal and Gravity Company (Pty) Ltd – 5% ownership

Itakane Coal Trading Company, a broad-based, black-owned and managed business with a level 1 BBBEE status and previous empowerment BBBEE partner to Ilangabi Investments 12 (Pty) Ltd, is a coal mining, beneficiation and trading business that supply energy to the inland and export markets. The registered company, under which Itakane trades, is 37 Coal and Gravity Company (Pty) Ltd.

Anzi Plant & Mining Services (Pty) Ltd – 5% ownership

Anzi Plant & Mining Services, a black women-owned company with a level 1 BBBEE status, operates nationally through four business units namely mining services, plant hire equipment solutions, civil services and quick-build containers. Anzi Plant & Mining Services is the brainchild of Ms Funeka Mtsila, who is also the Chairperson of the Kopanela Board.

Employee and Community Trust – 10% ownership

Qualifying employees – 5% ownership

Qualifying employees are previously disadvantaged employees with 10 years+ service at Brikor Limited.

Host Community – 5% ownership

As mining takes place in the Nigel Municipality, this is seen as the host community. With most of the employees residing in Duduza, this community has been area chosen as the host community within the greater Nigel Municipality.

Kopanela Board of Directors

The composition of the Kopanela Board is as follows:

- **Ms Funeka Mtsila**, Chairperson of the Kopanela Board and founder of Anzi Plant & Mining Services (Pty) Ltd;
- **Mr Bungane Kakana**, non-executive director of Kopanela and Chief Operating Officer of the Omang Group;
- **Mr Sipho Mofokeng**, non-executive director of Kopanela and Chief Executive Officer of the Omang Group;
- **Ms Mamsy Mokate**, independent non-executive director of Kopanela and Lead Independent Director of Brikor Limited; and
- **Mr Kinney Moremoholo**, independent non-executive director of Kopanela and of Brikor Limited. Mr Moremoholo sadly passed away on 27 May 2021.

ZINGARO HOLDINGS PROFILE

Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles. Zingaro is well-positioned with a substantial market share.

Zingaro also specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment.

Numerous synergies exist between Brikor and Zingaro and the board of directors of Brikor believes these potential synergies will result in additional income and profit opportunities for the combined group.

"If you cannot do great things, do
small things in a great way."

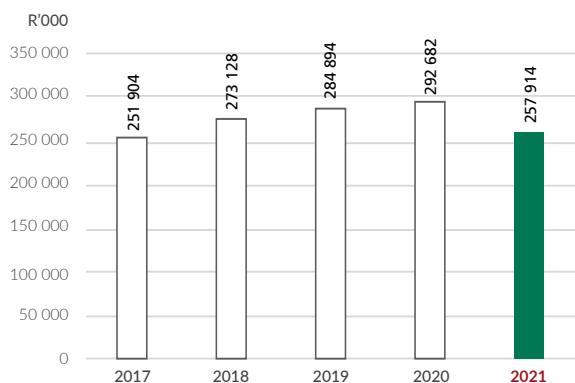
Napoleon Hill

OVERVIEW

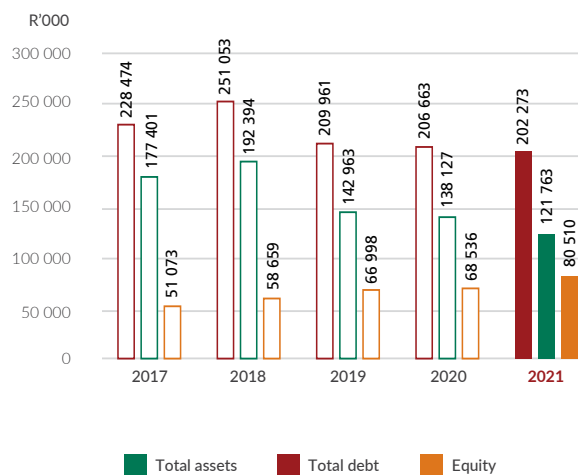


FINANCIAL INDICATORS

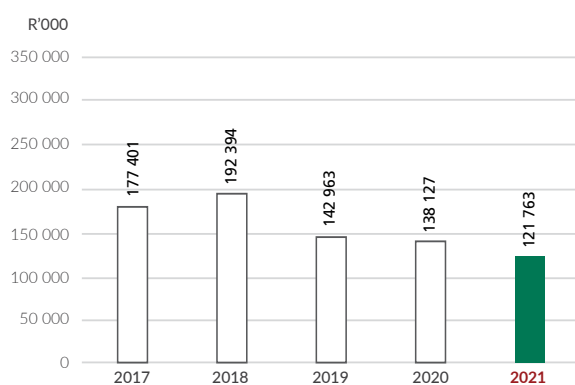
REVENUE



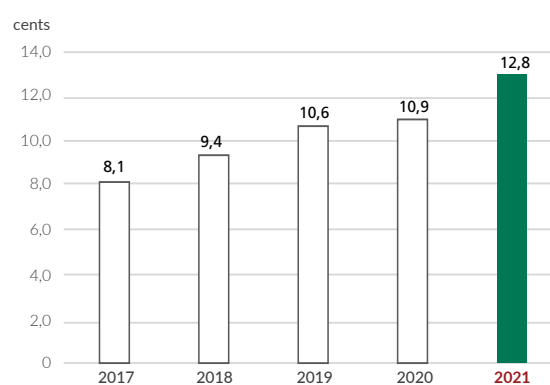
EQUITY



TOTAL LIABILITIES



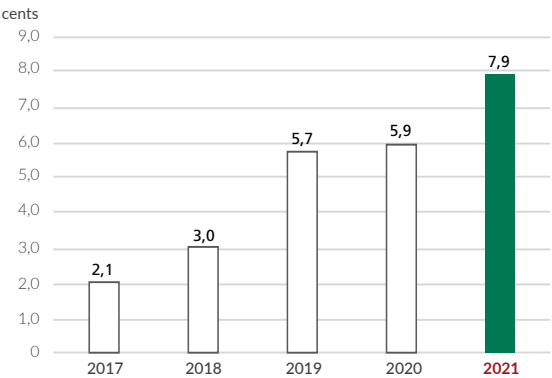
NET ASSET VALUE PER SHARE



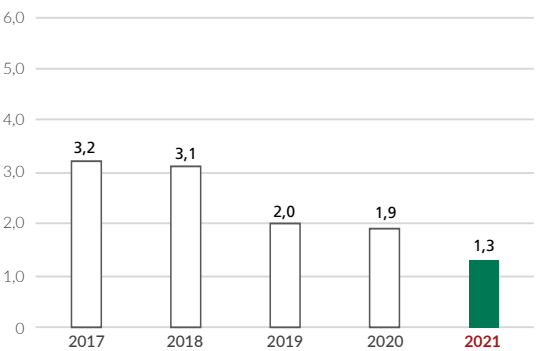
Financial indicators

continued

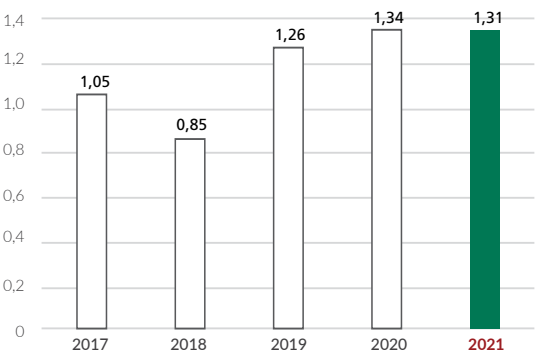
TANGIBLE NET ASSET VALUE PER SHARE



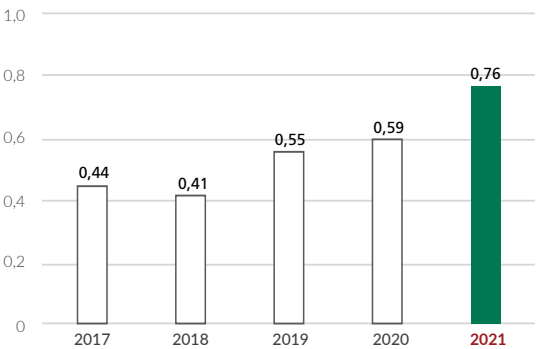
DEBT TO EQUITY RATIO



CURRENT ASSET RATIO



ACID TEST RATIO



The performance indicators must be considered in conjunction with the commentary in the Financial Director's report on pages 30 to 39.

CHAIRPERSON'S REPORT



Allan Pellow

Independent Non-Executive Chairperson

"To be content does not mean you don't desire more, it means you're thankful for what you have and patient for what's to come."

Tony Gaskins

It gives me great pleasure to present my report to stakeholders for the reporting period.

BRIKOR AND THE SOUTH AFRICAN ECONOMY

The South African economy grew by 1,5% in the fourth quarter of 2020, giving an annualised growth rate of 6,3%. (Source: Statistics South Africa)

Eight of the ten industries made positive gains in the fourth quarter, most notably manufacturing (bolstered by increased production in food, beverages and motor vehicles) and trade (driven by retail, motor trade, catering and accommodation). Mining and finance, real estate and business services were the two industries that recorded a decline in economic activity.

The positive growth recorded in the third and fourth quarters was not enough to offset the devastating impact of the COVID-19 pandemic in the second quarter, when lockdown restrictions were at their most stringent. Economic activity for the entire year decreased by 7,0% in 2020 compared with 2019, the biggest annual fall in economic activity the country has seen since at least 1946.

Chairperson’s report

continued

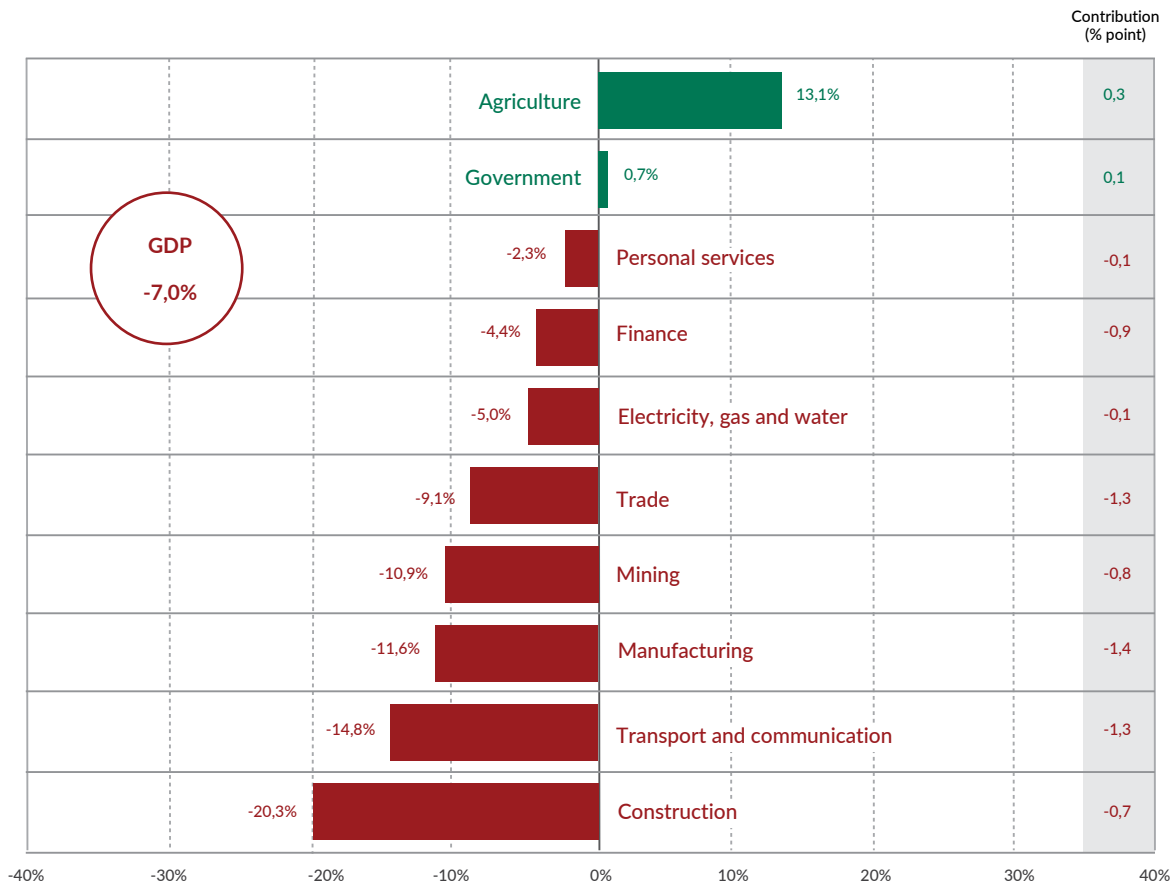
To provide some perspective, the second biggest fall was recorded in 1992, when the economy contracted by 2,1%. At that time, the country was struggling through a two-year-long recession, mainly the result of a global economic downturn. During the 2008/09 global financial crisis, the economy shrank by 1,5% in 2009.

In real terms, if the figures are adjusted to take account of inflation, the economy is now at about the same size as it was in 2012 (constant 2010 prices).

Despite the impact of the pandemic on economic growth, the agriculture industry escaped the effects of the pandemic relatively unscathed, and government also grew marginally in the year, while all other industries were pummelled, as shown in the graph below.

Eight of the ten industries recorded decreased economic activity in 2020

Industry growth in 2020 compared with 2019



Source: Statistics South Africa – Gross domestic product (GDP), 4th quarter 2020

The construction industry, already in deep trouble before the pandemic, contracted by 20,3%. This marks the industry’s fourth consecutive year of economic decline.

Despite a strong showing in the fourth quarter, manufacturing production was down for the entire year, falling by 11,6%. This was mostly due to work stoppages in the second quarter and a fall in the demand for steel, amongst other reasons.

To help the economy recover from the crisis, in June 2020, the government announced a 10-year infrastructure investment plan worth R2,3 trillion, with investments planned in the housing, energy, agriculture, transport, water and sanitation and digital infrastructure sectors. Officials from the World Bank, African Development Bank

Chairperson's report

continued

and Development Bank of South Africa have pledged support for the infrastructure drive, which is expected to create over 1,8 million jobs over the next 10 years. In another positive development, in October 2020, the government rolled out an ambitious R1,1 trillion Economic Reconstruction and Recovery Plan, which has four priority interventions: infrastructure investments; expansion of the energy generation capacity; job creation to support livelihoods; and industrial growth.

The RMB/BER Business Confidence Index declined from 40 to 35 in the first quarter of 2021. Retail saw the biggest decline, followed by manufacturing and new vehicle dealers. Sentiment among building contractors and wholesale traders deteriorated slightly. Such underlying dynamics are not reflective of a robust economic upswing.

Against this background, Brikor management maintains as its key focus areas:

- strengthening the Group's financial position in a tough market;
- business model optimisation;
- maximising financial returns;
- cost-saving initiatives;
- effective working capital management;
- increasing yields;
- rendering superior customer service;
- improving the Group's broad-based black economic empowerment credentials; and
- unlocking synergies between the various entities in the Group, particularly Zingaro Holdings and Kopanela Mining.

ENVIRONMENT, SOCIAL, SUSTAINABILITY AND GOVERNANCE

At Brikor, sustainability is founded on creative, mutually constructive relationships and common values with the Group's stakeholders, supported by a commitment to incorporate social, environmental, economic and ethical factors into the Group's strategic decision-making. It extends to evaluating how these factors affect the business and what risks and opportunities these factors present. The Group adopts measures to mitigate risks and takes advantage of opportunities.

Environment

Brikor collates and analyses carbon footprint data (Scope 1 and Scope 2) as well as data on other specific aspects of environmental indicators annually. The data, together with management's approach, is included in the Sustainability Report on pages 105 to 127. The total carbon emissions reduced by 34,8% from 65 857,30 CO₂e tonnes to 42 907,97 CO₂e tonnes with the total carbon emissions per employee, based on 581 (2020: 628) employees, reducing by 20,8% from 93,28 CO₂e tonnes to 73,85 CO₂e tonnes. Management continually strives to minimise the Group's environmental impact to ensure our planet for future generations.

Social

Employees

Brikor's human capital is an important priority. The Group's goal remains to build and maintain a diverse, loyal, performance-driven workforce that is innovative and effective, and which reflects Brikor's collaborative values and culture. Transformation, human resources and Company culture are key matters that are addressed continuously throughout all operations.

Chairperson's report

continued

The COVID-19 pandemic and resultant lockdowns placed pressure on employees and, in particular, those not permitted to work during levels 5 and 4 of the lockdown. In April 2020, the Company provided financial support to wage employees in the amount of R1 500 per employee, which amount employees were not required to repay. A further amount of R350 was paid to 593 employees in May 2020, of which the CEO, in his personal capacity, paid R201,13 per employee. The Board extends its appreciation to the CEO for his generosity.

Training and skills development

At a Group level, each business entity's operational objectives and requirements are reviewed regularly to ensure effective investment in appropriate training and skills development initiatives to ensure that employees are well positioned to meet the Group's strategic objectives. Total training spend amounted to R2,7 million (2020: R2,8 million) for 686 (2020: 924) trainees.

Health and safety

A safe, healthy, happy workforce is a productive and effective workforce and ensuring employees' well-being remains of utmost importance. During the reporting period, various COVID-19 protocols were implemented to safeguard employees' health and well-being, as detailed in the Sustainability Report on pages 120 and 121.

Communities

Upliftment of the communities in which the Group operates, through corporate social investment initiatives, is prioritised on a continuous basis.

Sustainability

The relationship that the Group has with society is critically important. Establishing truly sustainable growth must reach beyond creating employment, paying taxes, supporting and developing suppliers and enterprises, ensuring value-added offerings to customers and creating value for shareholders.

Sustainability initiatives should contribute to the alleviation of poverty and counter inequality, create sustainable employment, both within and outside the Group, provide better educational opportunities and access thereto, while developing and advancing the key technical and commercial skills sets needed in South African business.

This ethos is also aligned to the Sustainable Development Goals, as outlined in the United Nations Development Plan.

Brikor's aim is to create and retain jobs and invest in the Group's employees' growth, while approaching transformation on an inclusive basis. Sustainability is viewed as a strategic opportunity, implemented by continually forging relationships with the Group's stakeholders, be it employees, customers, or the communities within which Brikor operates.

The Group approaches sustainability pro-actively by creatively searching for new solutions to sustainability issues, which can also be used as a source of competitive advantage, underpinned by a compliance base, while remaining cognisant of business imperatives.

Governance

Brikor's approach to governance is founded on the premise that a successful business requires strong controls, meaningful structures and unwavering commitment to ethical conduct in order to reach its full potential. The Board is fully committed to the highest standards of governance and accountability, as recommended by King IV™, and the delivery of outcomes such as an ethical culture, good performance, effective control and legitimacy.

The Group's corporate governance disclosure, shown on pages 53 to 65, has been prepared in terms of King IV™, and the Board is satisfied that the Group complies with all material provisions of King IV™ applicable to Brikor.

Chairperson's report

continued

The Board plays a pivotal role in strategy planning and establishing benchmarks to measure the Group's strategic objectives.

Changes to the Board of Directors

On 29 June 2020, Ms Joaret Botha was appointed as Financial Director.

On 17 July 2020, Ms Mamsy Mokate was appointed as Lead Independent Director.

At the Annual General Meeting held on 6 November 2020, the appointments of Mr Dries Ferreira as an independent non-executive director and Mr Norman Hornby and Ms Tanya Hendry as non-executive directors were not ratified by shareholders. These directors, therefore, retired with immediate effect on that date.

On 14 December 2020, Mr Kinney Moremoholo was appointed as an independent non-executive director. On 28 May 2021, it was with great sadness that the Board advised shareholders of the untimely passing of Mr Kinney Moremoholo on 27 May 2021. The Board and management bid Kinney farewell and extend their condolences to his family. We thank him for his valuable contribution to the Board.

As announced on SENS on 18 June 2021, Ms Funeka Mtsila was appointed as an independent non-executive director. The Board welcomes Ms Mtsila and looks forward to her contribution to the Company.

At the approval date of the Integrated Annual Report, the Board of Directors, therefore, comprised six directors of whom four were independent non-executive directors, with two being executive directors.

- Audit and Risk Committee
 - Mr Steve Naudé (Chairperson)
 - Ms Mamsy Mokate
 - Ms Funeka Mtsila
- Remuneration Committee
 - Ms Mamsy Mokate (Chairperson)
 - Mr Steve Naudé
 - Mr Allan Pellow
- Nomination Committee
 - Mr Allan Pellow (Chairperson)
 - Ms Mamsy Mokate (Lead Independent Director)
 - Mr Steve Naudé
 - Ms Funeka Mtsila
- Social and Ethics Committee
 - Mr Steve Naudé (Chairperson)
 - Ms Ronel Coetzee (HR Manager of the Brikor Group)
 - A third member will be appointed to the Social and Ethics Committee by the Board.

Chairperson's report

continued

STAKEHOLDER ENGAGEMENT

Sustainable value creation depends on successful engagement with stakeholders. The integrated capitals, underpinned by Brikor's values, serve as the basis of all exchanges, and the Board and management aim to engage proactively with those who impact Brikor, as well as those on whom the Group has an impact. This informs the Group's strategy development and evaluation, risk management as well as material issues.

Due to the COVID-19 pandemic and the implementation of the required protocols in terms of the Disaster Management Act, no 57 of 2002, the Group adapted its stakeholder engagements in alignment thereto. Stakeholder relationships are actively managed by the Board of Directors and executives and the nature of engagements during the reporting period is outlined on pages 69 to 72.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

Since 2018, Brikor has been rated under the Construction Sector Codes, maintaining its verified level 4 BBBEE contributor rating for the 2021 financial period, the details of which are disclosed in the Sustainability Report on page 125.

APPRECIATION

My fellow non-executive directors provided invaluable insight and counsel in maintaining oversight during this time of uncertainty and I thank them for their continuing support.

Thank you to our external stakeholders, including our customers, shareholders, suppliers and advisors, for their engagement and support throughout the pandemic.

Lastly, I wish to express my appreciation to all of Brikor's employees, the CEO and his executive team for their collective contribution to the Group's strong performance during a challenging year.



Allan Pellow

Independent Non-Executive Chairperson

CEO's REPORT



Garnett Parkin

CEO

"Leadership is ACTION not POSITION."

I am pleased to present my report to stakeholders for the year ended 28 February 2021.

OVERVIEW

The Group's results reflect positive operating profits before interest and taxation and cash generated from operations, despite the impact of the COVID-19 pandemic and a distressed economic trading environment.

The initial lockdown period required that the Bricks segment be closed until the end of April 2020, whilst the Group's coal mining operation, Ilangabi Investments 12 (Pty) Ltd, was allowed to continue to operate at 50% of its capacity during the lockdown period, as the supply of coal was considered an essential service to the electricity supply-chain.

Despite various challenges as well as uncertain economic activities, gross profit increased to R65,0 million for the year ended 28 February 2021 (2020: R62,5 million), with operating profit before interest and taxation increasing by 147,8% to R21,0 million (2020: R8,5 million) and profit after taxation increasing to R12,0 million (2020: R1,5 million). The Group generated positive cash flows from operations as a result of phasing in production, savings in variable costs during levels 4 and 5 of the lockdown period as well as strict cost-saving initiatives.

CEO's report

continued

Additional health and safety requirements added substantial costs, including but not limited to:

- Procurement of masks, sanitisers, personal protective equipment, respirators, safety goggles, surgical gloves, non-contact thermometers and appropriate COVID-19 signage, as well as the provision of additional transport for workers to ensure that transportation complies with social distancing protocols.
- Educating workers on the COVID-19 protocols.
- Daily testing and screening.
- Additional supervision to monitor the implementation of the COVID-19 protocols.
- The cost of regular disinfection of high traffic areas.

REVIEW OF OPERATIONS

Bricks

The Bricks segment comprises the two clay brick manufacturing plants, located in Nigel, which mainly produce plaster and semi-face clay bricks for the building and construction industry.

As from 1 May 2020, the country moved into alert level 4 and the Bricks segment was able to operate at 50% of production capacity.

Management took the decision to follow a phased-in approach with regards to the start-up of production. No production occurred for May 2020 and a phased-in approach commenced during June 2020, returning to full production towards the third week in July 2020.

This was also in line with the country moving to alert level 3 from 1 June 2020, which allowed the Bricks segment to operate at 100% production. Sales volumes in the Bricks segment increased to pre-lockdown levels during August 2020.

During the reporting period, matching production with demand was a real challenge as the outbreak of the COVID-19 pandemic and its continuation presented a serious threat to supply chains, *inter alia*:

- Serious material disruptions to operations were experienced as a result of the closure of ports of entry. Manufacturers for the construction industry experienced shortages of several key products and input/maintenance materials due to certain industries operating below the prescribed capacity;
- Unjustified price hikes had a negative effect on input and maintenance costs; and
- Closure of some suppliers that failed to survive the impact of the lockdown.

Dealing pro-actively with power outages that continued to disrupt the manufacturing process remained a challenge throughout the reporting period.

Coal

The Coal segment represents Brikor's wholly-owned subsidiary, Ilangabi Investments 12 (Pty) Ltd, which owns coal and clay reserves. The location of the clay and coal reserves, in close proximity to Brikor's clay brick manufacturing plants, gives Brikor the advantage of being self-sufficient in the supply of raw materials. The clay overlaying the coal deposit is stripped and stockpiled for future use in the clay brick manufacturing process, whereas the coal mined is used to ignite the kilns in which the clay bricks are fired.

The Group's Coal segment was permitted to operate at 100% capacity from 1 May 2020 with a limited impact on sales and production as from May 2020. The Coal segment, however, experienced the effect of the initial lockdown period during the last two quarters of the reporting period, with increased supply in the local coal markets adding pressure on sales prices and demand.

Brikor is committed to sustainable water practices at all its sites and is in the final phases (Phase 3) of having water use licenses for all its sites so as to be fully compliant with all regulations and legislation. An independent environmental service provider assists the Group with this process.

CEO's report

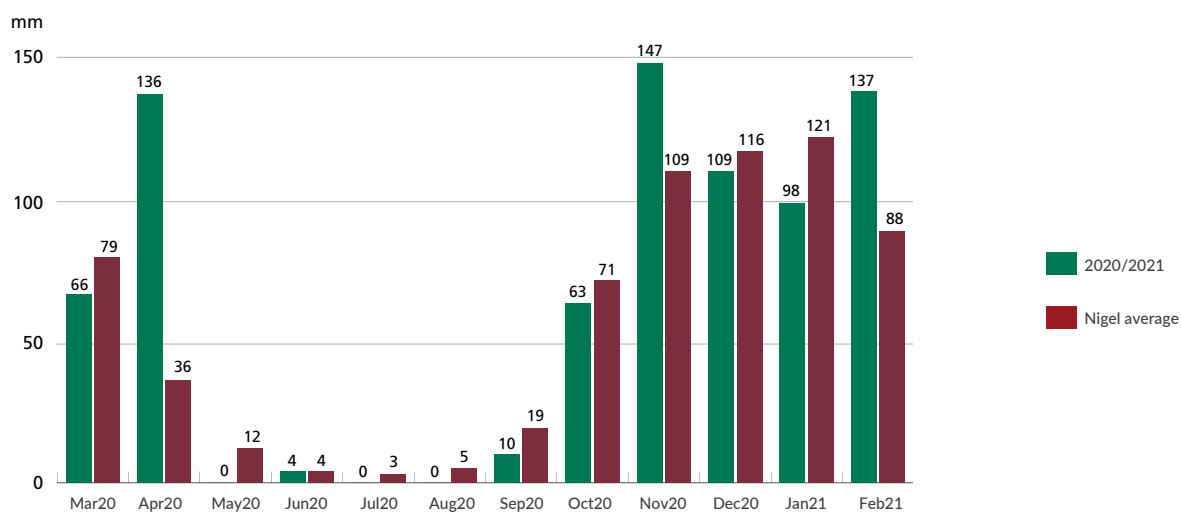
continued

PRODUCTION LEVELS VS RAINFALL

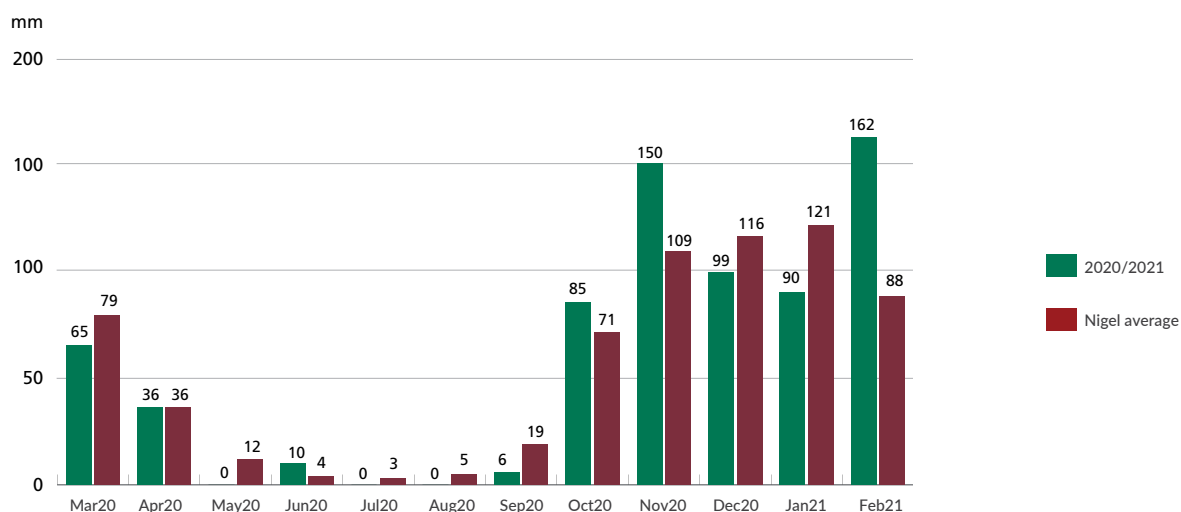
Unusual heavy rainfall during the last quarter of the reporting period added additional pressure on sales volumes for the Bricks and Coal segments during January 2021 and February 2021.

The graphs below depict the average rainfall levels at the different plants, compared to the Nigel region:

Rainfall levels



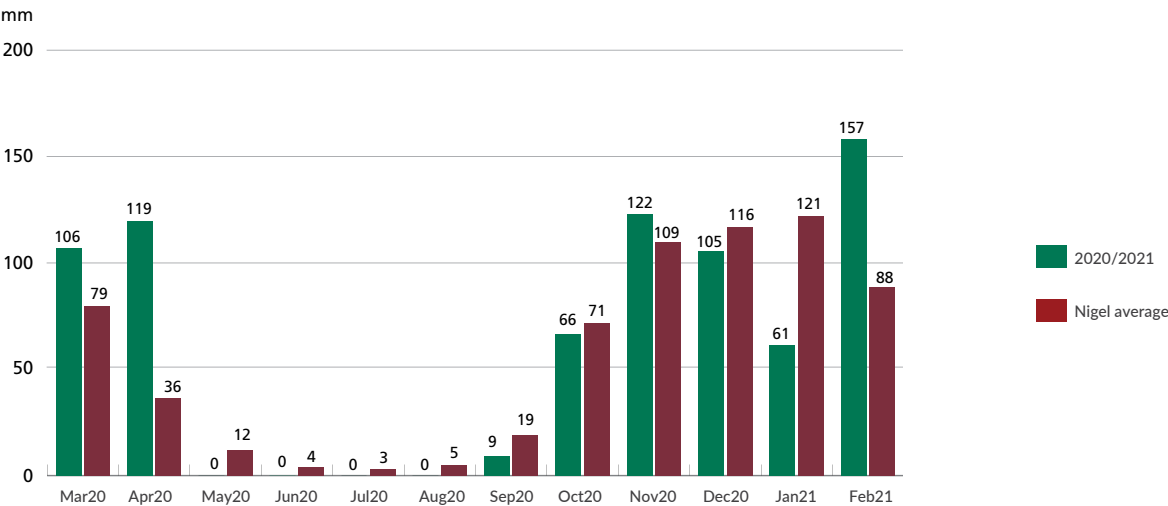
Bricks segment – Plant 3 F2021 rainfall



CEO's report

continued

Coal segment – F2021 rainfall



There is a direct correlation between the levels of rainfall and production levels, with higher rainfall resulting in lower production. The rainfall at Brikor's operations is above the average rainfall for the Nigel area. Not only does the rainfall have a direct impact on both the Coal and Bricks segments' production, i.e., no production while it is raining, the rain also has a knock-on effect on the production levels of all three plants. For example, if it rains significantly during the night, the dayshift production the next day is severely delayed or could be cancelled due to wet conditions, even though there is no rainfall that specific day.

The effect of rainfall is not always as visible, as all the Bricks segment's plants maintain their work in progress very strictly, resulting in a consistent buffer number of bricks being available that can be packed/fired while no making is taking place. The same principal applies at the Coal segment, with stripping teams working concurrently with the coal team to open new mining blocks for clay and coal.

As soon as the rainy season starts the production starts decreasing, with production being at its highest levels between May and August and at its lowest levels between October and February, coinciding with the lowest and highest rainfall months, respectively.

IDENTIFYING AND MANAGING RISKS

Risk management and the ongoing improvement of corresponding control structures remain key to management's focus in building a successful and sustainable business.

Executive management plays an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and compliance with the risk process as it applies to each business in the Group.

Key risks identified within the Group include:

- future mining operations and mineable resources;
- the COVID-19 pandemic and uncertainty in the South African economy;
- labour action and staff morale;
- current life of mine estimates;
- market risk impacting the valuation of the issued share capital;

CEO's report

continued

- business continuity and disaster recovery plan;
- carbon tax;
- reduced/lower than expected production volumes;
- broad-based black economic empowerment; and
- environmental provision.

Mitigating strategies are disclosed in the risk management section of the integrated annual report on pages 74 to 79.

CORPORATE ACTIVITY

COVID-19 pandemic and lockdown

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices, currency exchange rates and a significant decrease in long-term interest rates.

The South African economy was affected by the news of the first confirmed cases of the virus in the country early in March 2020 and this led to the President of the Republic of South Africa declaring a national state of disaster on 15 March 2020. The President made a further announcement on 23 March 2020 that the country will effectively be placed in a lockdown from midnight on 26 March 2020 until 16 April 2020, with only essential services permitted to operate during this time. On 9 April 2020, the President announced the extension of the lockdown period by an additional 14 days and a risk-adjusted strategy was announced with various different risk alert levels (alert levels 5 to 1), which the country would follow in the gradual relaxation of lockdown restrictions and return of economic activity.

The Group acted swiftly in ensuring that all the necessary protocols were put in place, as directed by government, by establishing a Group Disaster Management Team.

Lifting of suspension and re-listing on the AltX of the Johannesburg Stock Exchange (JSE)

During the reporting period, the Company met all the outstanding JSE Listings Requirements. The most important of these being the finalisation and submission of the statutory annual financial statements for the financial year ended 28 February 2019 of the subsidiary, Ilangabi Investments 12 (Pty) Ltd, and Brikor Company to the JSE. On 29 June 2020, Ms Joaret Botha CA(SA) was appointed as Financial Director. On 23 July 2020, the suspension of Brikor's listing was uplifted and trading in the Company's shares re-commenced on that date.

The market performance is disclosed on page 242.

CEO's report

continued

SUBSEQUENT EVENTS

Aligned to Brikor's growth strategy the following transactions have been concluded:

Kopanela Mining (Pty) Ltd

Kopanela Mining (Pty) Ltd ("Kopanela") was established in October 2020 as a broad-based black ownership vehicle to secure future prospecting and mining rights. The details of its structure and shareholding are disclosed on pages 12 and 13.

Zingaro Holdings (Pty) Ltd

On 3 March 2021, Brikor acquired a 40% shareholding in Zingaro Holdings (Pty) Ltd ("Zingaro"), the details of which are disclosed in note 34 to the annual financial statements. Zingaro's logistics footprint covers Gauteng, North West, Mpumalanga and Limpopo and, with a fleet of more than 100 specialised vehicles offers, amongst others, turnkey services for mining activities.

Numerous synergies exist between Brikor and Zingaro and the Brikor Board believes that these potential synergies will result in additional income and profit opportunities for the combined group.

DIVIDEND

No dividend has been declared or paid during the reporting period.

GOING CONCERN

The 2021 financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that adequate cash is generated by operations and the necessary funds be available to finance future operations and that the realisation of the sale of assets, settlement of liabilities, contingent obligations and commitments occur in the ordinary course of business. The directors have prepared their budgets and cash flow forecast for the year ahead based on reasonable and supportable assumptions. The cash flow forecast and current management results indicate that the Company and the Group are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future – refer to note 35.

PROSPECTS

The Board remains positive about the potential which can be unlocked from the Group, given the consistent improvement of the statement of financial position.

The Board will continue strengthening Brikor's broad-based black economic empowerment status as well as exploring opportunities to expand production capacity and the sustainability of the Group's mineable reserves.

A priority during the year ahead will be to create value, improve efficiencies and unlock synergies between the various entities within the Group.

Any forward-looking statements have neither been reviewed nor reported on by the Group's auditors, Nexia SAB&T.

CEO's report

continued

APPRECIATION

Dear Employees, Shareholders and Stakeholders, as I pen this letter to you, we are in the midst of a third wave of COVID-19, the pandemic seeming closer than ever before and having impacted the lives and livelihoods of so many South African families.

The loss of lives will remain a constant reminder to us all that life is fragile and the impact that globalisation had on us all.

At Brikor we were united in fighting this pandemic, whilst ensuring the lives and livelihoods of our people are at the forefront of all the choices we had to make, and the strategies that had to be adjusted to minimise the impact on our employees and stakeholders.

I would like to thank our Group Disaster Management Team for their concerted efforts, quick turnaround strategies and actions taken during the last 15 months. In acting fast, we have secured lives and livelihoods and ensured that Brikor as a Group could weather the storms effectively and with minimal disruption.

To our Executive Committee, I thank you all for your continuous dedication and commitment to excellence.

To our Chairman and Board, thank you for your continued support, guidance and commitment to this Group.

Last but not least, to Our Heavenly Father for making all of this possible.

May you all stay safe and blessed.



Garnett Parkin

Chief Executive Officer



FINANCIAL DIRECTOR'S REPORT



Joaret Botha

Financial Director

"It is not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change."

Charles Darwin

FINANCIAL RESULTS OVERVIEW

In the midst of a global pandemic paired with uncertain and challenging economic environments, the Group is pleased to report a positive financial performance for the year ended 28 February 2021. Brikor responded quickly and decisively to the pandemic, realigned its operational and financial processes within the Group accordingly, resulting in a strong financial position with an enhanced liquidity and cash flow profile.

Revenue decreased to R257,9 million (2020: R292,7 million) as a direct result of the Bricks segment being closed until the end of April 2020, whilst the Group's coal mining operation, Ilangabi Investments 12 (Pty) Ltd, was allowed to continue to operate at 50% capacity during the initial lockdown period. The last quarter of the year experienced unusual high levels of rainfall, which also had an impact on sales volumes during January and February 2021. The gross profit percentage increased to 25,2% for the year ended 28 February 2021 (2020: 21,4%), mainly as a result of cost savings and improved efficiencies in both the Coal and Bricks segments.

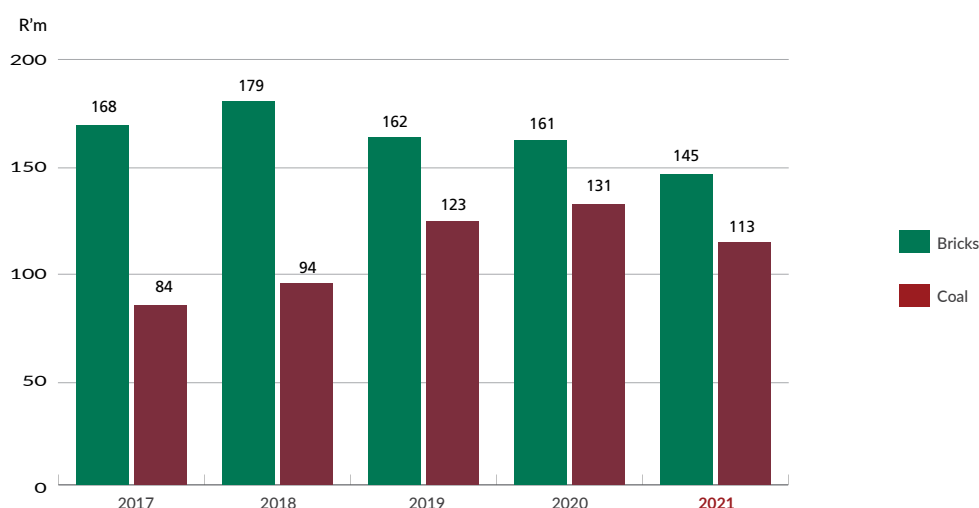
Financial Director's report

continued

The Group realised an operating profit before interest and taxation of R21,0 million (2020: R8,5 million) for the year ended 28 February 2021 and profit after tax of R12,0 million (2020: R1,5 million). The increase in profit for the year was mainly due to strict cost savings as well as a section 43 closure certificate received in respect of one of the Group's rehabilitation sites. As a direct result of the closure certificate, the gross closure cost of R8,0 million, relating to the environmental rehabilitation provision, has resulted in a credit to the statement of profit or loss.

Cash and cash equivalents (net of bank overdraft) increased to R15,3 million as at 28 February 2021 (February 2020: R4,0 million). The increase was mainly attributable to the Group having had sufficient stock available at the time when the Group was able to return to operations on 1 May 2020. The decision to phase in production also resulted in savings on variable costs, specifically during levels 5 and 4 of the lockdown period.

Revenue

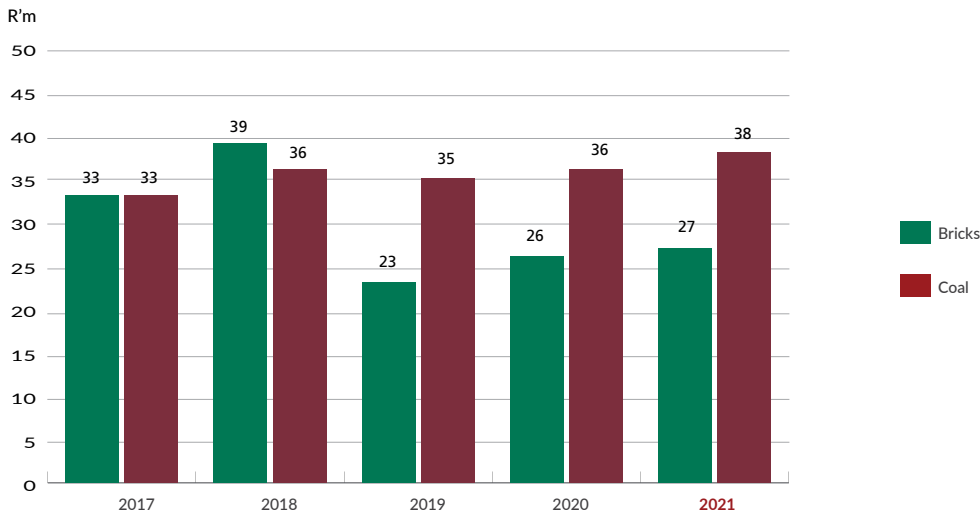


Revenue in the Bricks segment decreased by 10,1% to R144,9 million (2020: R161,2 million) as a direct result of the impact of the COVID-19 pandemic, which resulted in no sales in the Bricks segment during April 2020 and limited sales during May 2020. Sales volumes in the Bricks segment returned to pre-lockdown levels during August 2020, with sales volumes for January 2021 and February 2021 decreasing slightly as a result of heavy rainfall experienced during the last quarter of the reporting period. Revenue in the Coal segment decreased by 14% to R113 million (2020: R131,5 million). The Coal segment was allowed to continue to operate at 50% capacity during the initial lockdown period and returned to 100% capacity as from May 2020. The Coal segment, however, experienced the aftermath of the initial lockdown period during the last quarter of the reporting period, with increased supply in the local markets adding pressure on sales prices and demand which directly impacted on sales volumes and prices.

Financial Director's report

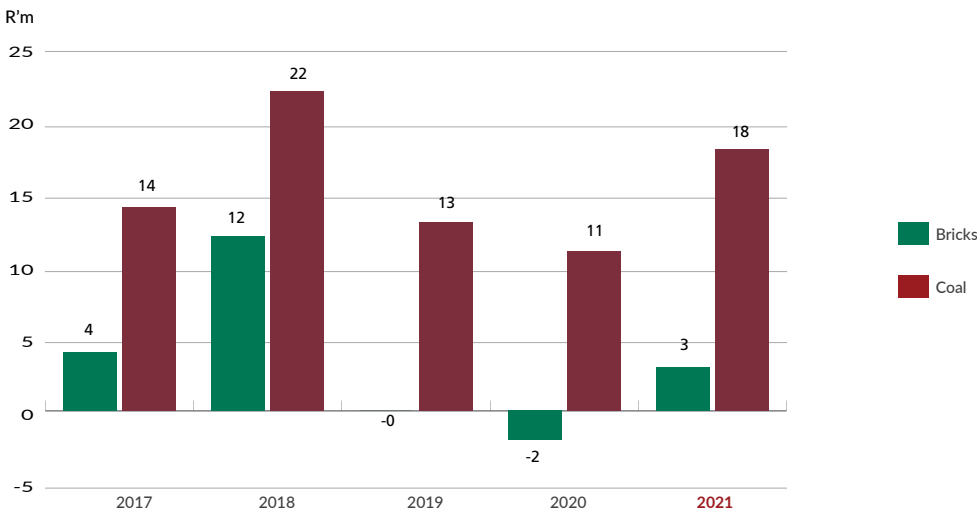
continued

Gross profit



Gross profit increased by 3,9% to R65,0 million (2020: R62,5 million) with the gross profit percentage increasing to 25,2% (2020: 21,4%). Gross profit increased mainly as a result of improved production efficiencies in the Coal and Bricks segments as well as variable cost savings during levels 4 and 5 of the lockdown period.

Operating profit before interest and taxation



Operating profit before interest and taxation increased by 147,8% to R21,0 million (2020: R8,5 million). On 1 May 2020, when the Group was able to return to operations, the Bricks segment had sufficient stock available to enable it to phase in production, whilst still being able to meet revenue targets without incurring additional variable costs. During the last quarter of the reporting period, the Group obtained a closure certificate for one of its rehabilitation sites, which resulted in a decrease in the environmental rehabilitation liability and a credit of R8,0 million to the statement of profit or loss.

Financial Director's report

continued

Administrative and other expenditure decreased significantly as a result of savings in salaries and wages, staff training and legal fees in comparison to the prior year. During the previous reporting period, the Group provided for R3,8 million in respect of legal fees relating to pending court cases and the Group was, therefore, able to utilise the provision during the 2021 financial year.

Earnings per share and headline earnings per share

	2021 cents	2020 cents
EARNINGS PER SHARE		
Basic earnings per share	1,9	0,2
Diluted earnings per share	1,9	0,2
Headline earnings per share	2,1	0,1
Diluted headline earnings per share	2,1	0,1

Earnings per share increased by more than 100% to 1,9 cents per share (2020: 0,2 cents per share), mainly due to the increase in profit for the reporting period, as noted above. Headline earnings per share also increased by more than 100% to 2,1 cents per share (2020: 0,1 cents per share), mainly due to the variable costs savings, the decrease in the rehabilitation provision during the last quarter of the reporting period as well as savings in administrative and other expenditure.

Earnings before interest, taxation, depreciation, amortisation and impairments (EBITDA)

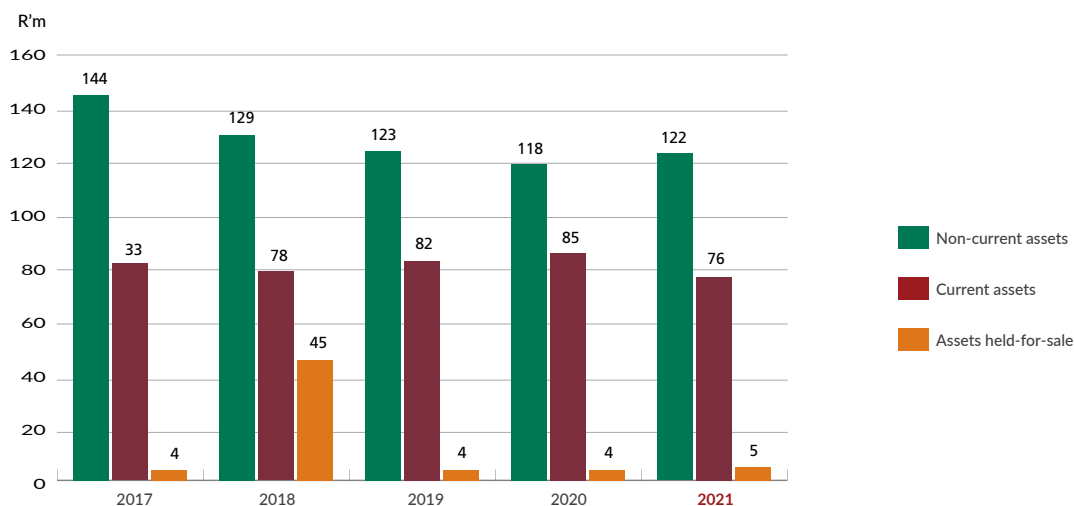
	2021 cents	2020 cents
Operating profit before interest and taxation – continuing operations	21,0	8,5
<i>Add:</i>		
Depreciation – continuing operations	7,2	7,9
Amortisation – continuing operations	0,5	0,5
Impairment reversal – continuing operations	(0,1)	(0,2)
	28,6	16,7

EBITDA increased by R11,9 million to R28,6 million, mainly due to the increase in operating profit before interest and taxation, as noted above.

Financial Director's report

continued

Asset distribution



Major capital investments made by the Group during the reporting period comprised R1,2 million for the replacement of the factory roof at the Bricks segment as well as the building of an eating area for the employees. Additions to plant and equipment for the reporting period amounted to R8,1 million, which included a right-of-use asset to the value of R4,3 million.

During January 2021, the Group entered into a lease agreement for the lease of certain production equipment for its Bricks segment. This resulted in the capitalisation of a right-of-use asset, in terms of *IFRS 16: Leases*, to the value of R4,3 million.

The held-for-sale asset relating to the Rayton property is expected to be finalised within the next financial year. At the date of this report, the section 11(1) transfer is still in progress and a renewed revival agreement was signed to extend the original agreement to December 2021 to allow for additional time to obtain the section 11(1) transfer. The COVID-19 lockdown period resulted in various delays at the Department of Mineral Resources and Energy ("DMRE") as the DMRE also had to implement work-from-home procedures. This is beyond management's control and management is continuously following up with regards to the finalisation of the section 11(1) transfer.

Net asset and tangible asset values

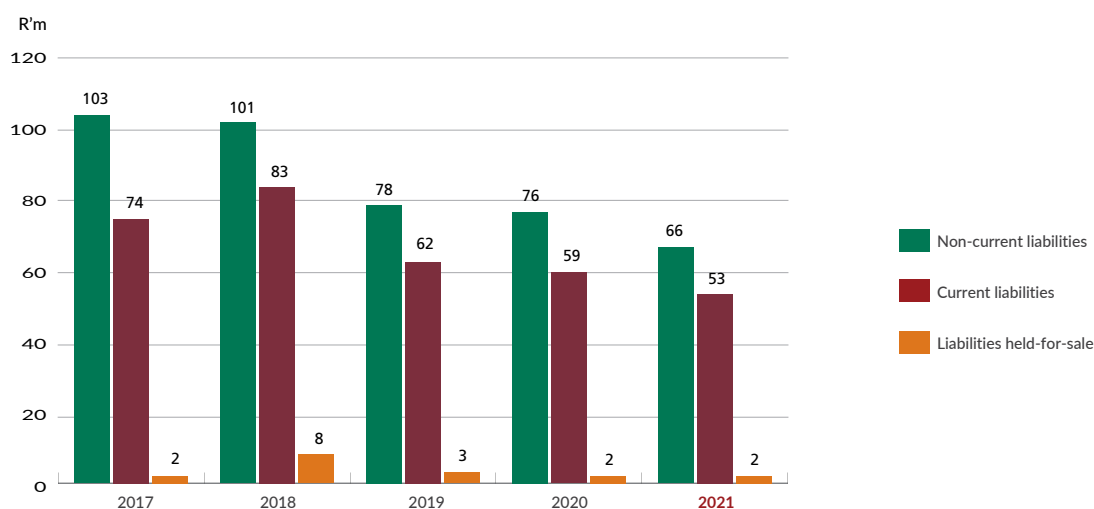
	2021 R'm	2020 R'm
Total assets	202	207
Total debt	(122)	(138)
Net assets	80	69
Intangible asset	(3)	(4)
Deferred tax asset	(27)	(28)
Net tangible assets	50	37
Weighted average shares ('000)		
	cents	cents
Net asset value per share	12,9	10,9
Net tangible asset value per share	7,9	5,9

Financial Director's report

continued

The Group continued to generate profits and invest in property, plant and equipment. This has resulted in an increase in net asset value per share of 18,3% to 12,9 cents per share (2020: 10,9 cents per share), and net tangible asset value per share of 33,9% to 7,9 cents per share (2020: 5,9 cents per share).

Liabilities class



Non-current liabilities decreased by R10,3 million during the reporting period. The decrease was mainly as a result of the repayments of shareholders' loans (refer to note 14 for further disclosures) as well as a change in estimates in the provision for environmental rehabilitation (refer to note 15 for further disclosures). Also included in non-current and current liabilities, is a lease liability of R4,3 million relating to the right-of-use assets acquired during January 2021. Current liabilities decreased by R6,2 million after taking into account additional provisions raised during the period for legal fees of R1,3 million (refer to note 16 for further disclosures). The Group's working capital is monitored and managed on a continuous basis and payment terms in respect of the current liabilities are strictly adhered to.

Working capital cycle

	As at 28 February 2021 R'm	As at 29 February 2020 R'm	As at 28 February 2019 R'm
Inventory	29	45	44
Trade receivables and creditors paid in advance balance	24	26	23
Trade payables and receipts in advance balance	(16)	(16)	(24)

Financial Director's report

continued

	For the year ended 28 February 2021 R'm	For the year ended 29 February 2020 R'm
Sales for the reporting period	258	293
Cost of sales for the reporting period	193	230
Inventory days	70,2	70,6
Debtors' days	35,5	30,8
Creditors' days	(30,4)	(32,3)
Net working capital cycle	75,3	69,1

The Group's policy is to keep three months of clay stockpiles on hand for brick manufacturing. Coal stockpiles, however, turn quickly due to their high demand. Stock on hand is continuously monitored to ensure stock is readily available as and when required. Inventory days remained fairly consistent with the previous reporting period at 70,2 days on average. Collection of debtors remained tightly controlled and increased slightly to an average collection period of 35,5 days (2020: 30,8 days). The Group ensures that credit guarantee insurance is in place for all its customers and management evaluates the credit risk relating to its customers on an ongoing basis. The increase in the collection period was mainly as a result of the year ending on a Sunday. The creditors' days decreased to 30,4 (2020: 32,3 days) as a result of continuous monitoring and adhering to payment terms. The overall working capital cycle has increased, mainly due to the increase in the debtors' collection period and the decrease in creditors' days.

Cash flow analysis

3,9	Cash opening balance	7,3
22,8	Cash generated from operations	12,2
0,8	Finance income	0,5
-1,4	Finance expense	-1,4
0,3	Tax paid	-5,5
-5,7	Net investments in property, plant and equipment	-2,7
0	Proceeds on disposal of business	0
0	Investments in environmental rehabilitation funds	0
0	Debt raised	0
-5,5	Debt repaid	-6,4
15,2	Cash closing balance	3,9

The Group generated cash flows from operations of R22,8 million (2020: R12,2 million). The increase was mainly attributable to the Group having had sufficient stock available at the time when the Group was able to return to operations on 1 May 2020, whilst incurring limited costs during this period. The Group continues to proactively monitor its cash flows, whilst investing in property, plant and equipment and managing its risks and working capital cycle.

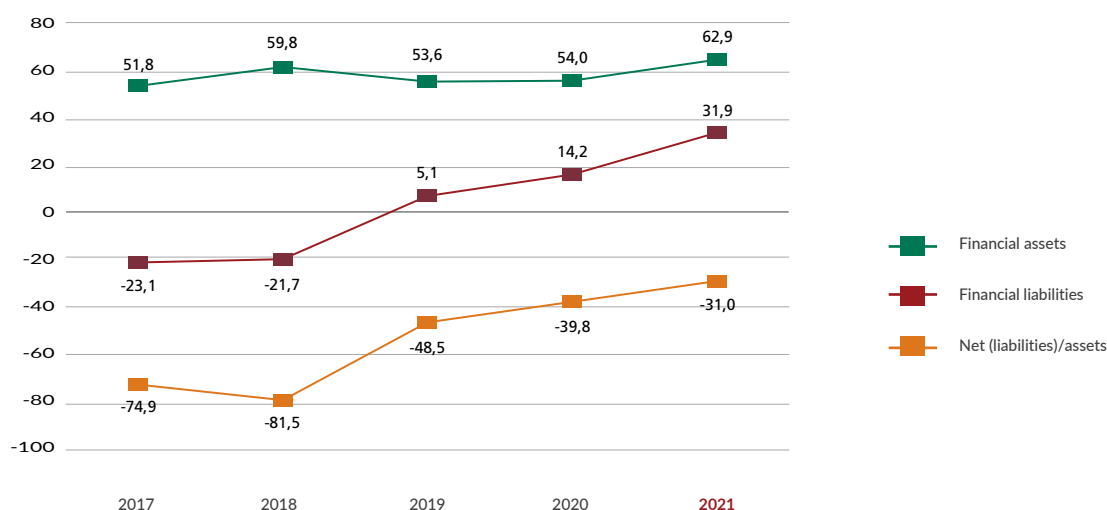
Financial Director's report

continued

RISK MANAGEMENT

Gearing

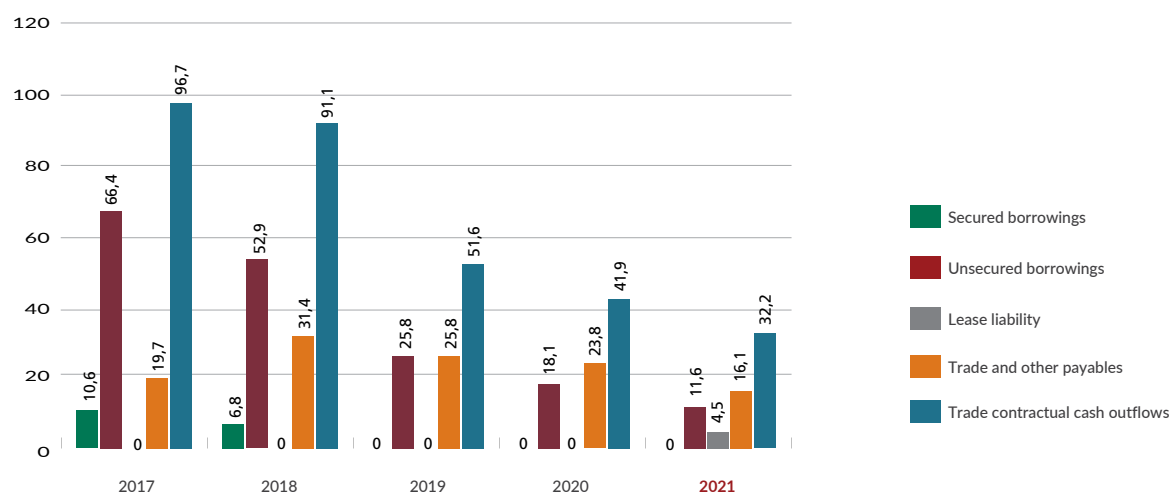
Financial assets vs financial liabilities



With continued focus on reducing gearing and improving liquidity and solvency to secure the financial stability of the Group, the financial assets exceeded the financial liabilities for a third consecutive year.

Financial liabilities decreased by 22,1% (2020: 17,9%) due to continued monitoring of trade and other payables. The increased net financial asset position improved to R31,9 million, confirming the Group's concerted efforts and focus on risk management.

Contractual cash outflows

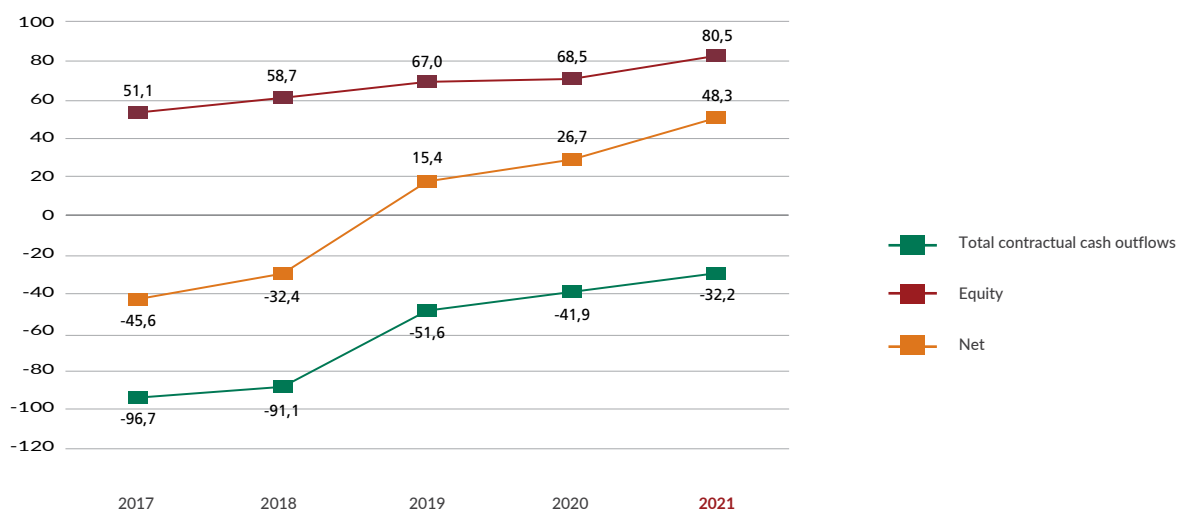


Total contractual cash outflows reduced by R9,7 million. All secured borrowings have been repaid and the Group is repaying unsecured borrowings relating to the shareholders' loans, lease liabilities and trade and other payables as per agreed payment terms.

Financial Director's report

continued

Contractual cash outflows vs equity



The Group's equity exceeds its contractual cash outflows by R48,3 million, indicating the Group's ability to tap into future financing opportunities in order to re-invest into capital expenditure and future investment opportunities. Subsequent to the reporting date the Group acquired a 40% shareholding in Zingaro Holdings (Pty) Ltd for R50 million of which R21,1 million was financed through a loan account with the sellers of Zingaro Holdings (Pty) Ltd. The Group's equity still exceeds its contractual cash outflows subsequent to the acquisition.

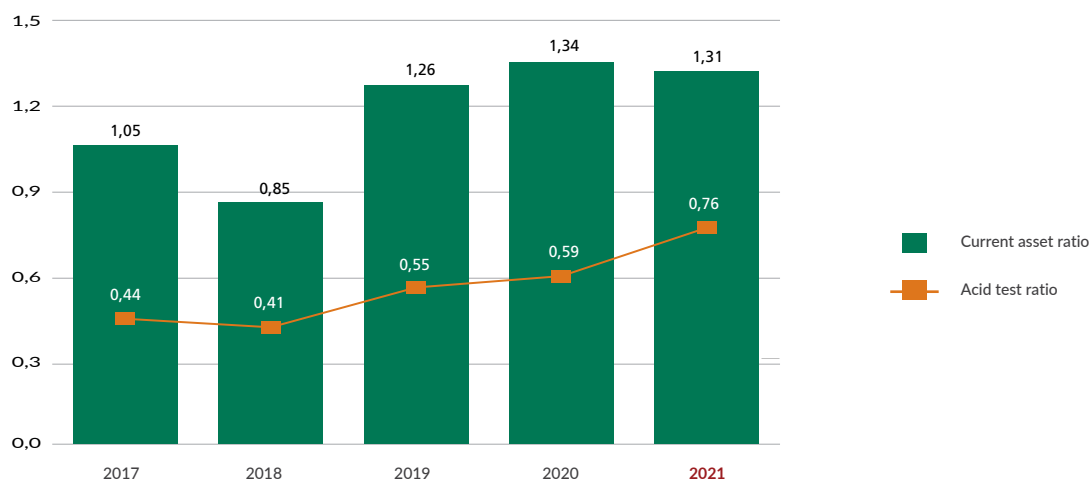
Solvency and liquidity

	As at 28 February 2017 R'm	As at 29 February 2018 R'm	As at 28 February 2019 R'm	As at 29 February 2020 R'm	As at 28 February 2021 R'm
Current assets					
Inventories	44,4	36,6	44,1	44,9	29,2
Trade and other receivables	21,9	29,9	27,2	31,1	29,7
Cash and cash equivalents	9,5	4,2	2,8	0,3	8,7
– Cash and cash equivalents	14,2	11,2	7,3	4,8	15,3
– Less: Restricted cash (secured)	(4,7)	(7,0)	(4,5)	(4,5)	(6,6)
Taxation refundable	–	–	3,8	3,7	2,0
Total current assets	75,8	70,7	77,9	80,0	69,6
Current liabilities	(72,0)	(83,2)	(61,8)	(59,5)	(53,3)
Net current assets/(liabilities)	3,8	(12,5)	16,1	20,5	16,3
Total current assets less inventory	31,4	34,1	33,8	35,1	40,4
Current asset ratio	1,05	0,85	1,26	1,34	1,31
Acid test ratio	0,44	0,41	0,55	0,59	0,76

Financial Director's report

continued

Current asset ratio versus acid test ratio



The Group remains solvent and liquid with its current ratio at 1,31 and acid-test ratio at 0,76 at the reporting date. The Group's inventory balance decreased in comparison to the previous financial year as a direct result of the Bricks segment being closed during levels 4 and 5 of the lockdown period. During this period no production took place and, in order to secure revenue as well as cash flows, the stock on hand was sold as part of the phased-in approach applied by the Group. Inventory balances have stabilised subsequent to year-end and the Group is committed to managing this on a continuous basis. The cash flow forecast and current management results also indicate that the Group will have sufficient cash to settle its liabilities as they become due in the foreseeable future.

SHORT-TERM FOCUS AREAS FOR FINANCE

The Brikor Group's finance department's action plans for the year ahead include the following:

- strengthening the Group's financial position on a continuing basis;
- continued working capital management and specifically ensuring that there is a balance between the debtors' collection days and the creditors' repayment days;
- continued drive to increase revenues and manage costs; and
- unlock potential synergies between entities within the Group.

APPRECIATION

The past year has truly taught us that change really is the only constant. With this in mind, I would like to thank the financial staff across both divisions of the Group for embracing and adapting to the changes and challenges experienced during the 2021 financial year. Thank you for your continued commitment in providing accurate and relevant financial reporting that informs the decision-making of management, the Board and our stakeholders.

Joaret Botha
Financial Director

"Governance is not about the budget lines, personnel issues and equipment approvals. It is about VALUES and VISION and STRATEGIC LEADERSHIP."

John Carver

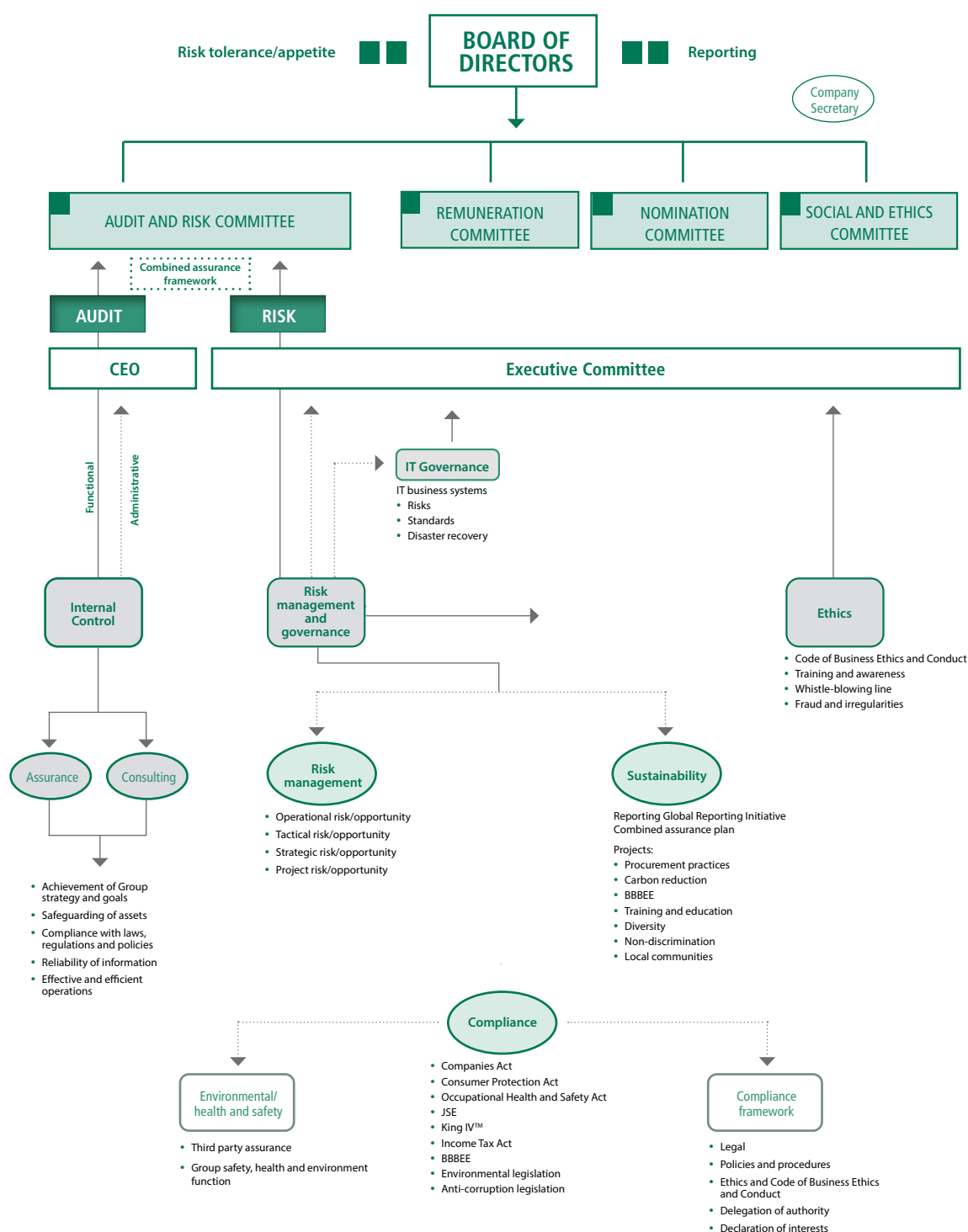
GOVERNANCE



CORPORATE GOVERNANCE

The directors endorse and accept full responsibility for the application of the principles outlined in the King IV Report on Corporate Governance for South Africa 2016 (King IV™) to ensure that effective corporate governance is practised consistently throughout the Group. The Group is committed to the practices underlying the principles, giving effect to the principles, and leading to the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

GOVERNANCE STRUCTURE AND FRAMEWORK



BOARD OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS



Allan Pellow (71)

Designation: Independent Non-Executive Chairperson

Qualifications:
Diploma in Business Management

Date appointed:
21 February 2018

Allan has extensive executive management experience across a wide range of industries. He joined Westrust in 1985 and was appointed to the Board of Directors of that Company in 1994. Allan was appointed to the Master of the High Court's Panel in 1991 and has extensive experience in winding up many complicated and large, often listed companies, covering probably the full spectrum of the economy. Allan also assisted the duly appointed provisional liquidators of Brikor during the period in which the Company was in provisional liquidation and oversaw the subsequent discharge of the provisional order of liquidation.

External appointments: Up until recently, Allan was the Deputy Chairperson of the South African Restructure Insolvency Practitioners Association (SARIPA); Currently, Insolvency Practitioner at Mazars (Pty) Ltd

Board Committee membership: Chairperson of the Nomination Committee; member of the Remuneration Committee



Mamsy Mokate (61)

Designation: Lead Independent Director

Qualifications:
BCom (Acc); Post-graduate Diploma in Business Management; AGASA

Date appointed:
12 April 2017

Mamsy has been in the finance profession for thirty years, having spent her career in the banking industry, an accounting firm and state-owned entities. She is a registered Associated General Accountant. She has previously served on audit committees of municipalities as well as held trustee positions of a medical aid and currently of various family trusts. Appointed Employer Trustee of the PRASA Provident Fund effective April 2019. On 17 July 2020, Mamsy was appointed as Lead Independent Director of Brikor.

External appointments: Treasurer at St Peter's by the Lake Child Care; Independent non-executive director of Kopanela Mining (Pty) Ltd

Board Committee membership: Chairperson of the Remuneration Committee; Chairperson of the Social and Ethics Committee (resigned as Chairperson and member of the Social and Ethics Committee on 10 March 2021); member of the Audit and Risk Committee; member of the Nomination Committee



Funeka Mtsila (53)

Designation: Independent Non-Executive Director

Qualifications:
Diploma General Nursing and Midwifery (Umlamli and Umtata General Hospital); BCur Ed et Admin (UJ); BTech Occupational Health (TUT); Management Advancement Programme (Wits Business School); Nuclear Project Management (UNW: Areva Scholarship)

Date appointed:
18 June 2021

Funeka is the founder of Anzi Plant & Mining Services. With hard work and perseverance, she started the business in 2012. Challenging herself continuously and working through the ranks from an occupational health nurse, to the Manager of Medical Services at the South African Bureau of Standards (SABS), to the Manager of Medical Services at the Nuclear Energy Corporation of South Africa (Necsa).

Today her passion lies in inspiring, coaching and mentoring other women to excel in previously male-dominated environments. She is a community developer: training, mentoring and coaching over 100 SMMEs in the rural areas of Gauteng and Eastern Cape. She has a distinct leadership style and approach for her business namely what she calls: "a participative leadership style where everyone's idea counts with collective ownership, responsibility and accountability on the outcomes".

Her experience includes: Management – Occupational Health and Wellness; ISO standards auditing 18000; Served on SANS Standards Committees; corporate risk management; Board member – South African Women in Nuclear Association (WINSA); and small business development.

Board Committee membership: Member of the Audit and Risk Committee

Board of Directors

continued

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)



Steve Naudé (70)

Designation: Independent Non-Executive Director

Qualifications:
BCom; CA(SA); MBA

Date appointed:
22 October 2019

Steve is a Chartered Accountant and obtained his MBA from the University of Chicago Graduate School of Business. Steve has more than 38 years' experience in corporate finance and investment banking locally and internationally.

External appointments: Director of Aardvark Partners Ltd

Board Committee membership: Chairperson of the Audit and Risk Committee; Chairperson of the Social and Ethics Committee (*appointed as Chairperson of the Social and Ethics Committee on 10 March 2021*); member of the Remuneration Committee

IN MEMORIAM

KINNEY MOREMOHOLO

8 November 1960 to 27 May 2021



The Board and management bid Kinney farewell and extend their condolences to his family.

Mr Kinney Moremoholo (*BCom Law; MDP Diploma; Advanced Banking Diploma*) was appointed as an independent non-executive director on 14 December 2020.

Kinney has held the positions of assistant accountant, senior underwriter and senior credit manager. He was also Head of Credit Large Business at Absa, Head of Credit Gauteng East with FNB Commercial and Head of Credit Origination for FNB Home Loans and FNB Private Clients. He has vast experience in credit lending, corporate deal structuring, credit risk assessment and management.

Kinney was studying towards completing the fourth levels of an LLB degree with the University of South Africa.

He was also an independent non-executive director of Kopanela Mining (Pty) Ltd and served as member on Brikor's Audit and Risk, Nomination and Social and Ethics Committees.

Board of Directors

continued

EXECUTIVE DIRECTORS



Garnett Parkin (38)

Designation: Chief Executive Officer

Qualifications: Leadership Development and Junior Management Certificate (University of Stellenbosch)

Date appointed:
20 February 2007

Garnett's academic record includes Cambridge University syllabus matriculation, an Entrepreneurship Certificate from Potchefstroom University with Financial Management and Business Management as main subjects, International Hotel School Tourism and Front Office Management (accredited by the American Hotel & Lodging Association), a Leadership Development and Junior Management Certificate from the University of Stellenbosch's Business School as well as completed Business Management, Public Administration, English, Communications and Economics at Unisa.

In 2003, Garnett started his career at Brikor as administration manager where, over time, he contributed to the establishment of Brikor's procurement department, successfully managed the debtors and creditors portfolios throughout Brikor and attended to cash flow and capital expenditure management, as well as procurement across all the divisional businesses. On the passing of the late Garnett van Niekerk Parkin in January 2015, Garnett, was appointed as acting Chief Executive Officer and as Chief Executive Officer on 11 November 2015. Garnett became a member of the Institute of Directors of South Africa in 2017.

During his tenure as Chief Executive Officer, Garnett has successfully implemented Brikor's turnaround strategy and, under his leadership, Brikor became one of the first companies listed on the JSE to successfully trade out of provisional liquidation and, subsequently, the suspension of Brikor's listing on the AltX of the JSE was uplifted in July 2020. Under his leadership Kopanela Mining Company (Pty) Ltd was formed, aligning the Brikor Group with the 2018 Mining Charter. Kopanela is a 30% black-owned company, which will contribute to future growth and sustainability for the Group.

In 2021, Garnett's strategic negotiating skills contributed to Brikor's acquisition of a 40% stake in Zingaro Holdings (Pty) Ltd, a transport company with a fleet of more than 100 specialised vehicles, which services mainly short to medium distance routes as well as provides turnkey solutions for mining activities.



Joaret Botha (33)

Designation: Financial Director

Qualifications:
BCom (Hons); CA(SA)

Date appointed:
29 June 2020

Joaret completed her articles at KPMG Inc and stayed on at KPMG Inc as an Audit Manager. She was part of the Brikor audit team, where she gained a deep understanding of the Group. Joaret has been the Financial Manager of Brikor since November 2019 and was appointed as Financial Director on 29 June 2020.

Board of Directors

continued

COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd

represented by:



Melinda Gous (43)

Qualifications:

Diploma in Advanced
Business and Securities Law

Fusion Corporate Secretarial Services (Pty) Ltd ("Fusion") was established by Melinda Gous in 2007. Fusion offers outsourced company secretarial services on an independent and arm's length basis to public listed, public and private companies.

Fusion has a combined experience of more than 20 years in the Company Secretarial field and has the expertise, with qualifications ranging from LLB to Diplomas in Advanced Business and Securities Law.

DESIGNATED ADVISOR

Exchange Sponsors (2008) (Pty) Ltd

represented by:



Marius Meyer (55)

Qualifications:

BCom (Hons); CA(SA)

Marius has more than 30 years' experience in corporate finance, investment banking and private equity.

He is an approved executive and independent professional expert with the JSE.

He attends all Board and Audit and Risk Committee meetings of Brikor as Designated Advisor.

Board of Directors

continued

The Board of Directors of Brikor exercises effective leadership, with directors adhering to their ethical and fiduciary duties. The directors have the necessary experience, expertise and competence and act ethically in discharging their responsibilities to provide strategic direction to Brikor, as provided for in the Board Charter and the Memorandum of Incorporation of Brikor.

GENDER AND RACE DIVERSITY

At the 2020 reporting date, the Board comprised nine directors, of whom three were female and one was black, translating into 33,33% female representation and 11,11% black representation. At the Annual General Meeting held on 6 November 2020, the appointment of one white female and two white male directors were not ratified by shareholders. On 14 December 2020, the Board appointed a black male director as an independent non-executive director to the Board.

At 28 February 2021, the Board, therefore, comprised six directors, of whom two are female and two are black, translating into 33,33% female representation and 33,33% black representation.

As announced on SENS on 28 May 2021, Mr Kinney Moremoholo, a black male director, passed away on 27 May 2021.

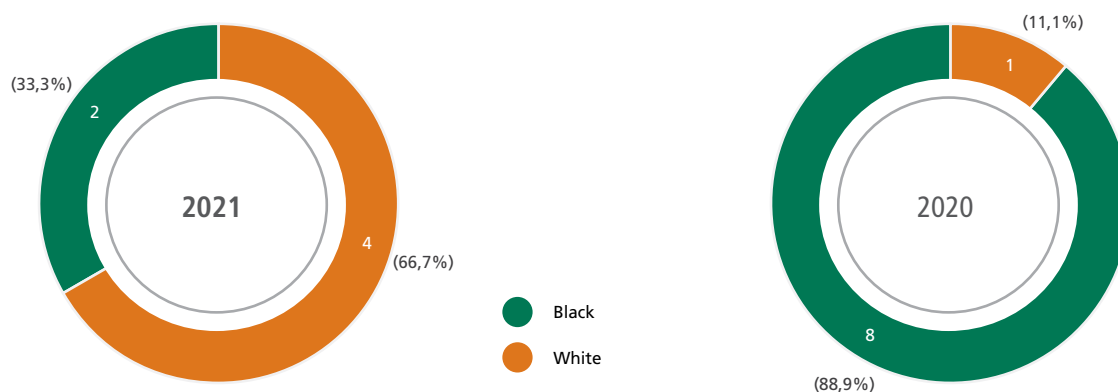
On 18 June 2021, Ms Funeka Mtsila was appointed as an independent non-executive director to the Board.

The target for gender diversity has not been set, but the Board is of the view that there should be a balance of male and female representation on the Board. The gender balance has been achieved through the appointment of Ms Mtsila, as at 18 June 2021, 50% of the Board members are female.

The Board remains cognisant of the overall principle that skills requirements on the Board would always take preference above race consideration.

The Board conducts an annual assessment of its own performance in achieving race and gender diversity within its own ranks as well as within executive management. Given the important strategic value of race and gender diversity, the Board also assesses the performance of management in implementing race and gender diversity. At any given time, the Board may seek to improve one or more aspects of its race and gender diversity and measure progress accordingly. In compliance with the JSE Listings Requirements, the Board Diversity Policy was broadened during the reporting period to include diversity attributes of culture, age, field of knowledge, skills and experience, over and above the diversity attributes of race and gender, and was adopted by the Board on 13 October 2020.

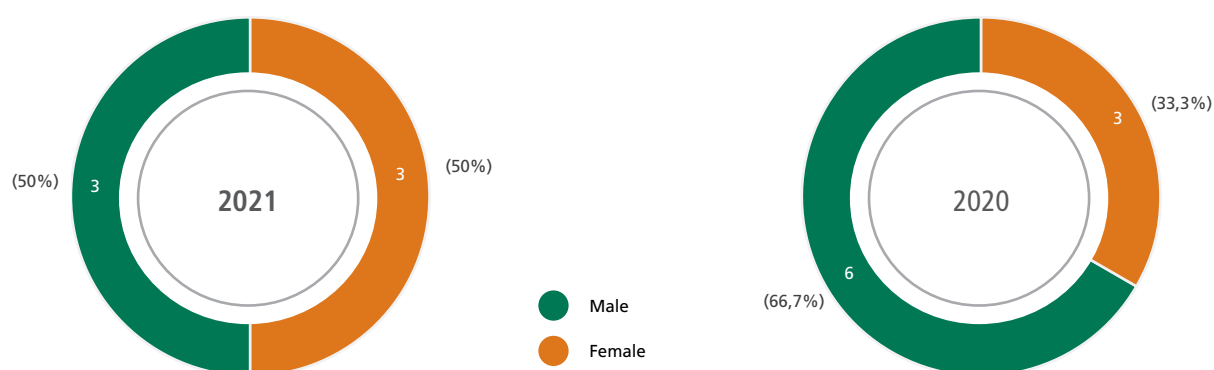
Race diversity at 18 June 2021



Board of Directors

continued

Gender diversity at 18 June 2021



INDEPENDENCE

The Board evaluated and concluded that as at 18 June 2021 all the non-executive directors were independent according to the Companies Act definition.

TENURE

None of the non-executive directors on the Board have served terms exceeding nine years. The Board reviewed the independence of all the independent non-executive directors and, after due consideration, concluded that their association with the Company has not impaired their integrity, impartiality and objectivity, and that they have retained their ability to act independently.

Board of Directors

continued

BOARD MEETING ATTENDANCE

In terms of the Board Charter, the Board should meet at least four times a year. Additional meetings can be convened to consider specific business issues which may arise between scheduled meetings. During the reporting period four meetings were held. The attendance at meetings during the period 1 March 2020 to 28 February 2021 was as follows:

Board	29 Jun 2020	17 Jul 2020	13 Oct 2020	17 Nov 2020	4 Feb 2021	25 Feb 2021
Members						
Allan Pellow (Chairperson)	P	P	P	P	P	P
Mamsy Mokate (Lead Independent Director)	P	P	P	P	P	P
Garnett Parkin (CEO)	P	P	P	P	P	P
Joaret Botha (Financial Director) ¹	N/I	P	P	P	P	P
Dries Ferreira ²	P	P	P	R	R	R
Tanya Hendry ²	X	P	P	R	R	R
Norman Hornby ²	A	P	P	R	R	R
Kinney Moremoholo ³	N/A	N/A	N/A	N/A	P	P
Steve Naudé	P	P	P	P	P	P
Invitees						
Laura Craig ⁴	N/I	P	R	R	R	R
Designated Advisor (Exchange Sponsors (2008) (Pty) Ltd)	P	P	P	P	P	P
Irene Botha (Graphiculture (Pty) Ltd)	N/I	P	N/I	N/I	N/I	N/I
Company Secretary						
Fusion Corporate Secretarial Services (Pty) Ltd	P	P	P	P	P	P

¹ Appointed with effect from 29 June 2020

² Resigned with effect from 6 November 2020, as shareholders did not approve re-election at the Annual General Meeting

³ Appointed with effect from 14 December 2020; passed away on 27 May 2021

⁴ Resigned with effect from 31 July 2020

P – Present

N/A – Not appointed

N/I – Not invited

A – Apologies

X – Absent

BOARD CHARTER

As part of the annual review process, the Board Charter was reviewed and amended by stipulating that all non-executive directors who are at the age of 75 years or older shall be subject to retire by rotation and re-election by shareholders annually. The reference to the capital expenditure limit was changed to reference the delegation of authority framework. The updated Charter was adopted by the Board of Directors of Brikor on 25 February 2021. A copy of the Charter is available for inspection at Brikor's registered address.

Board of Directors

continued

The purpose of the Charter is to regulate the parameters within which the Board operates and to ensure the application of the principles of good corporate governance in all dealings by, in respect of and on behalf of, the Group. Furthermore, to set out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board as well as the various legislation and regulations affecting their conduct.

The Charter adopted by the Board of Directors specifically stipulates the following:

Role, functions and responsibilities of the Board

The Board accepts that it is ultimately accountable and responsible for the affairs of the Company. To this end, the Board shall:

- provide effective leadership, based on an ethical foundation;
- ensure that the Company is and is seen to be a responsible corporate citizen;
- ensure that the Company's ethics are managed effectively;
- retain full and effective control over the Company;
- determine the Company's purpose and values and ensure that they are formulated in the Company's Code of Business Ethics and Conduct;
- give strategic direction to the Company;
- exercise leadership, integrity and judgement and ensure that all deliberations, decisions and actions are based on fairness, accountability, responsibility and transparency in directing the Company;
- ensure that procedures and practices are in place to protect the Company's assets and reputation;
- monitor and evaluate the implementation of strategies, policies, management performance and business plans;
- ensure that the Company complies with relevant laws, regulations and codes of best practice;
- ensure that technology and systems used in the Company are adequate to run the business;
- identify key risks and key performance indicators in order for the business to generate economic profit and enhance shareholder value;
- continuously monitor the solvency and liquidity of the Company;
- ensure that there is an effective risk-based internal audit function;
- evaluate the effectiveness of the Company's system of internal controls;
- regularly assess its performance and effectiveness, as a whole, and of individual directors; and
- familiarise itself with issues of concern to stakeholders.

The Board, in carrying out its duties under its Charter, will have due regard to the principles of governance and code of best practice as contained in King IV™.



BOARD SUB-COMMITTEES

AUDIT AND RISK COMMITTEE

Chairperson: Mr Steve Naudé

Members: Ms Mamsy Mokate, Mr Kinney Moremoholo * and Ms Funeka Mtsila (appointed on 18 June 2021)

As at the reporting date, the Chairperson and the members were independent non-executive directors.

REMUNERATION COMMITTEE

Chairperson: Ms Mamsy Mokate

Members: Mr Allan Pellow and Mr Steve Naudé

The Chairperson and the members are independent non-executive directors.

NOMINATION COMMITTEE

Chairperson: Mr Allan Pellow

Members: Ms Mamsy Mokate, Mr Kinney Moremoholo *, Mr Steve Naudé and Ms Funeka Mtsila (appointed on 18 June 2021)

As at the reporting date, the Chairperson and the members were independent non-executive directors.

SOCIAL AND ETHICS COMMITTEE

Chairperson: Mr Steve Naudé

Members: Mr Kinney Moremoholo * and Ronel Coetzee

As at the reporting date, the Chairperson and one of the members, Mr Kinney Moremoholo *, were independent non-executive directors, with Ms Ronel Coetzee being the Group's HR Manager. A third member of the Committee will be appointed by the Board.

** Appointed as a member on 14 December 2020. Subsequent to the reporting date and, as announced on SENS on 28 May 2021, Mr Kinney Moremoholo passed away on 27 May 2021.*

EXECUTIVE COMMITTEE

MEMBERS OF THE EXECUTIVE COMMITTEE



Garnett Parkin (38)
Chief Executive Officer
 Leadership Development and Junior Management Certificate
Date appointed:
 1 November 2001
Number of years with the Group: 18



Joaret Botha (33)
Financial Director
 BCom (Hons); CA(SA)
Date appointed:
 4 November 2019
Number of years with the Group: 1



Zintene Bester (56)
Sales Administration Manager
 BCom Industrial Psychology; Brick Laying Technology Certificate
Date appointed:
 21 August 2004
Number of years with the Group: 17



Ronel Coetzee (49)
HR Manager
 Skills Development Facilitator, Personal Profile Analysis, ABET Facilitator, Professional Assistant Diploma
Date appointed:
 19 May 2008
Number of years with the Group: 13



Taryn De Beer (28)
Group Compliance Officer
 BCom Law
Date appointed:
 4 January 2016
Number of years with the Group: 5



Frans du Toit (62)
Sales Manager
 BCom Accounting
Date appointed:
 1 April 2004
Number of years with the Group: 17



Roshan Gaorekwe (41)
Director (Ilangabi)
 Grade 12
Date appointed:
 1 May 2000
Number of years with the Group: 21



Dirk Matthee (63)
General Manager: Bricks
 Production Management Certificate; Heavy Clay Ceramics Certificate; Leadership Development
Date appointed:
 14 August 2012
Number of years with the Group: 8



Piet Nhlapo (54)
Director (Ilangabi)
 35 years' experience in clay mining
Date appointed:
 14 January 1987
Number of years with the Group: 34



Hennie Viljoen (60)
Financial Controller
 National Diploma in Accountancy; various training courses via SAAF
Date appointed:
 1 July 2000
Number of years with the Group: 20



Stefan Viljoen (41)
Mine Manager
 Brick Making Certificate, Examine and make safe (Competent A) qualification for surface mining operations
Date appointed:
 1 November 2018
Number of years with the Group: 2

Executive Committee

continued

EXECUTIVE COMMITTEE INVITEES



Henrietta Botha (34)

Group Costing and Asset Manager

BCom Finance

Date appointed:
1 November 2017

Number of years with the Group: 4



Karen du Toit (39)

Group Procurement and Process Manager

Health and Safety Management (Industrial and Mining); Professional Purchasing and Procurement; Basic Import Procedures; Certificate in Business Risk Management

Date appointed:
29 January 2015

Number of years with the Group: 6



Glifics Dzambukeri (51)

Plant Manager

Brick Making and Ceramic Certificate

Date appointed:
15 November 2004

Number of years with the Group: 17



Lebepa Komape (28)

Social Development Officer

Development Studies Degree

Date appointed:
1 August 2016

Number of years with the Group: 4



JC le Grange (35)

Geologist

BSc Hons Earth Science

Date appointed:
8 January 2018

Number of years with the Group: 3



Marguerite Lubbe (65)

M&R Environmental Officer

Certificate in Mine Survey Draughting; N4 National Certificate in Commerce

Date appointed:
1 May 2007

Number of years with the Group: 14



Dewald Malan (33)

IT Manager

Diploma Network Engineering

Date appointed:
1 October 2008

Number of years with the Group: 12



AP van der Merwe (75)

Consultant



Murray Reid (67)

Prospecting Consultant



CORPORATE GOVERNANCE REPORT

Brikor complies with the principles of King IV™, as applicable to the Company, and the mandatory corporate governance requirements of the JSE. During the reporting period, Brikor applied the principles of King IV™, as disclosed in this report, for the third time.

LEADERSHIP

Principle 1: The governing body should lead ethically and effectively.

The Board of Directors of Brikor exercises effective leadership, with directors adhering to their ethical and fiduciary duties. The directors have the necessary experience, expertise and competence and act ethically in discharging their responsibilities to provide strategic direction and control of Brikor, as provided for in the Board Charter and the Memorandum of Incorporation of Brikor.

The Board Charter includes the policies and practices of the Board in respect of matters such as directors' dealings in the securities of the Company and declarations of conflicts of interest, in accordance with the JSE Listings Requirements and the Companies Act, respectively, which declarations are tabled at each Board meeting and untenable conflicts are identified and acted on.

Directors, executives and senior employees are prohibited from dealing in the Company's securities during certain prescribed periods and the Company Secretary regularly informs the Board of insider trading legislation and advises them of closed periods. A report of directors' dealings in Brikor's shares is tabled at each Board meeting and disclosed in terms of the JSE Listings Requirements.

Brikor's strategy, which is based on an ethical foundation, is driven and approved by the Board to ensure that it supports a sustainable business. The Board acts in the best interests of the Group by taking into account the Group's short-, medium- and long-term impact on the economy, environment, society and its stakeholders.

Risks are considered, and the Board oversees and monitors management's implementation and execution of the strategy, ensuring accountability for the Group's performance.

Through the governance framework, which includes detailed reporting to the Board and its Committees, a decision-making authority framework and a system of assurances on internal controls, the Board exercises control.

Planned areas of future focus: The Board continues to adopt a more stakeholder-inclusive approach in the execution of its governance role and responsibilities.

ORGANISATIONAL ETHICS

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board determines and sets the tone of Brikor's values, including principles of ethical business practice and human rights considerations and, supported by the Social and Ethics Committee, approves Brikor's Code of Business Ethics and Conduct and considers the requirements for the Group to be a responsible corporate citizen, based on responsibility, honesty, fairness and respect.

The implementation and execution of the Code of Business Ethics and Conduct has been delegated to management with the Board, assisted by the Social and Ethics Committee, providing ongoing oversight of the management of ethics by monitoring the activities with regard to ethics and ensuring it is integrated into the operations of the Group.

Corporate governance report

continued

The ethics programme, including the whistle-blowing mechanism and management of the independent and anonymous disclosure of information gathered from whistle-blowers to detect breaches of ethical standards, as well as ongoing effort to create awareness, detect and resolve ethical violations, together with the provision of training on anti-corruption, bribery and anti-competitive behaviour, contribute to a strong ethical foundation.

A separate Code of Business Ethics and Conduct has been developed for suppliers. In support of the Group's ethics programme, a Whistle-Blowing Policy has been adopted by the Board, which Policy outlines the whistleblowing procedures as well as the protection of whistle-blowers.

Planned areas of future focus: Brikor's Code of Business Ethics and Conduct would form part of future agreements with customers, suppliers and other relevant stakeholders.

RESPONSIBLE CORPORATE CITIZENSHIP

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board, assisted by the Social and Ethics Committee and supported by the Executive Committee, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen. Through stakeholder engagement and collaboration, Brikor has committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them in finding solutions to sustainability challenges.

Oversight and monitoring of activities and outputs that affect Brikor's status as a responsible corporate citizen include:

- Workplace (employment equity; fair remuneration; health and safety; training and development of employees);
- Economy (economic transformation; prevention, detection and response to fraud and corruption);
- Society (consumer protection; community development; protection of human rights); and
- Environment (rehabilitation programmes).

The Group has a zero-tolerance approach policy to corruption. The OECD recommendations regarding corruption are captured in the Group's Fraud Prevention Policy and are also addressed in the Code of Business Ethics and Conduct.

The Audit and Risk Committee monitors risk and considers and investigates any allegations on fraud, bribery and corruption. There were no such instances during the reporting period.

The Board, through the Social and Ethics Committee, considered measures to monitor organisational ethics and methods by which to address outcomes. Brikor's loyal customer base and employees illustrate that the Company is an ethical organisation.

Planned areas of future focus: A responsible and transparent Tax Policy will be developed for the Group.

Corporate governance report

continued

STRATEGY AND PERFORMANCE

Principle 4: The governing body should appreciate that the organisation's core purposes, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board informs and approves Brikor's strategy, which is aligned to the purpose of the Group, the value capitals and value drivers of the business, and the expectations of its stakeholders, aimed at ensuring sustainability and which takes into account the top risks facing the Group. With the support of the Board sub-Committees, the Board of Directors oversees and monitors the implementation and execution by management of the policies, procedures and priorities and ensures that Brikor accounts for its performance by, amongst others, reporting and disclosure.

The Board has, with facilitation by an externally appointed consultant, developed Brikor's sustainability short-, medium- and long-term strategies, underpinned by a risk-focused approach, where risk is viewed from both a negative and a positive perspective to indicate possible new opportunities for the Group.

Planned areas of future focus: The review of Brikor's sustainability short-, medium- and long-term strategies is a continuous process.

REPORTING

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

The Board, through the Audit and Risk Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the Integrated Annual Report and any other disclosures. Reporting frameworks and materiality are approved by the Audit and Risk Committee to ensure compliance with legal requirements and relevance to stakeholders.

The Audit and Risk Committee oversees the integrated reporting process and reviews the annual financial statements.

Brikor ensures that the Integrated Annual Report, including the sustainability report and the annual financial statements, corporate governance disclosures and the Competent Person's Report are published on the website, www.brikor.co.za.

Planned areas of future focus: An ongoing focus area will be the continued streamlining of reporting to enhance disclosure in a concise manner and aligned to the Integrated Reporting Framework.

PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board has an approved Charter which it reviews annually, which Charter sets out its governance responsibilities, including the role, responsibilities, membership requirements and procedural conduct. Through its sub-Committees, the Board implements and monitors the governance practices within the Group.

Corporate governance report

continued

The Board as well as any director or Committee may obtain independent, external professional advice at Brikor's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management, as and when required.

An appropriate governance framework and the necessary policies and processes are in place to ensure all entities within Brikor adhere to Group requirements and governance standards. Brikor's subsidiary has adopted the governance framework, as appropriate.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period.

Planned areas of future focus: The process of alignment of Brikor's policies and procedures to King IV™ is ongoing and will continue in the year ahead.

COMPOSITION OF THE GOVERNING BODY

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The capacity of each director is categorised, as defined in the JSE Listings Requirements, also taking into consideration King IV™ and other factors as outlined in the Board Charter.

The Board comprises a majority of independent non-executive directors. As at 28 February 2021, the Board comprised six directors with four being independent non-executive directors and two executive directors. The executive directors are the Chief Executive Officer and Financial Director. Sadly, Mr Kinney Moremoholo, an independent non-executive director, passed away on 27 May 2021.

The roles of the Chairperson and the Chief Executive Officer are separate.

None of the non-executive directors' tenure exceeds nine years.

In terms of the Company's Memorandum of Incorporation, one-third of the non-executive directors must retire at every Annual General Meeting, being eligible for re-election. A brief CV for each director standing for election or re-election of the Annual General Meeting is included in the Integrated Annual Report, of which the Notice of Annual General Meeting forms part.

When considering the appointment or re-election of directors, the Board, with the support of the Nomination Committee, gives consideration to the knowledge, skills and resources required for conducting the business as well as considering the size, diversity and demographics to ensure its effectiveness.

Newly appointed directors are inducted in Brikor's business, Board matters, their duties and governance responsibilities as directors under guidance of the Company Secretary, in accordance with each director's specific needs. In terms of the JSE Listings Requirements, directors are required to attend the directors' induction programme for AltX-listed companies. Directors are given the opportunity to have tours of Brikor's sites and operations and receive briefings on new legislative development and changes in the risk and general business environment on an ongoing basis.

The succession plan of directors is reviewed annually by the Nomination Committee and includes the identification, mentorship and development of future candidates. Succession planning has been broadened to include all levels of management and the expansion and roll-out of the plan will be an ongoing process.

Corporate governance report

continued

Board diversity

The Board adopted an updated Policy on Board Diversity on 13 October 2020, which Policy has been broadened in line with the paragraph 3.84(i) of the JSE Listings Requirements. The Policy addresses:

- promoting equitable gender and race representation at Board level and outlining the approach to be adopted;
- recognising and embracing the benefits of having a diverse board which will include and make good use of differences in the skills, regional and industry experience, field of knowledge, culture, age, race, gender and other distinctions between directors;
- that all Board appointments will be made on merit, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective;
- discussion and annual agreement on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption;
- reporting annually, in the corporate governance section of the Integrated Annual Report, on the process applied in relation to Board appointments. The report will include a summary of this Policy, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives; and
- the annual review of the Policy, which will include an assessment of the effectiveness of the Policy, any revisions that may be required and recommendations of any such revisions to the Board.

At the Annual General Meeting held on 6 November 2020, the appointments of Mr Dries Ferreira, Mr Norman Hornby and Dr Tanya Hendry were not ratified by shareholders. Mr AP van der Merwe did not offer himself for re-election by shareholders. Mr Kinney Moremoholo was appointed as an independent non-executive director by the Board on 14 December 2020.

The race target set for F2021 was that historically disadvantaged candidates would have preference above white male candidates to achieve a 70:30 representation. The composition of the Board as at the reporting date, showed a 33,3% black representation. Sadly, Mr Moremoholo passed away on 27 May 2021. On 18 June 2021, Ms Funeka Mtsila was appointed to the Board. At the publication date, the composition of the Board, therefore, showed a 33,3% black representation. Going forward, the Board will reconsider its race targets.

The Board remains cognisant of the overall principle that skills requirements on the Board would always take preference above race consideration.

The target for gender diversity has not been set, but the Board is of the view that there should be a balance of male and female representation on the Board. The gender balance has been achieved through the appointment of Ms Funeka Mtsila to the Board, as 50% of the Board members are female as at 18 June 2021.

The Board shall include an annual assessment of its own performance in achieving race and gender diversity within its own ranks as well as within executive management. Given the important strategic value of race and gender diversity, the Board shall also assess the performance of management in implementing race and gender diversity.

The Nomination Committee shall conduct a structured evaluation of the Board on an annual basis:

- to assess the race and gender diversity representation of the Board; and
- to identify gaps between the expertise and experience of existing directors and their optimal mix.

Planned areas of future focus: Measurable objectives for achieving diversity on the Board, appropriate for the Company, will be determined for implementation over a specified period of time.

Corporate governance report

continued

COMMITTEES OF THE GOVERNING BODY

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Social and Ethics Committee.

The Committees are appropriately constituted, and members are appointed by the Board, except for the Audit and Risk Committee (which is a statutory committee in terms of the Companies Act – from an audit perspective) whose members are nominated by the Board and elected by shareholders. The Nomination Committee reviews the composition of the Board Committees and makes recommendations to the Board with regard to their composition, including the appointment of the Chairperson of each Committee, taking into account factors such as diversity and skills as well as the need to create an even spread of power and authority.

External advisors, executive directors and prescribed officers attend Committee meetings by invitation. Formal Charters have been established and approved for each Committee, which Charters are reviewed annually.

The Board considers the allocation of roles and associated responsibilities and the composition of membership across Committees holistically, so as to achieve the following:

- Effective collaboration through cross-membership between Committees, where required.
- Coordinated timing of meetings; and avoidance or duplication or fragmented functioning in so far as possible.
- Where more than one Committee has jurisdiction to deal with a similar matter, the specific role and positioning of each Committee in relation to such matter are defined to ensure complementary rather than competing approaches.
- There is a balanced distribution of power in respect of membership across Committees, so that no individual has the ability to dominate decision making, and no undue reliance is placed on any individual.

A delegation by the Board of its responsibilities to a Committee does not by or of itself constitute a discharge of the Board's accountability. The Board ensures that its arrangements for delegation within its own structures promote independent judgement. There is a clear balance of power and authority at Board level, which ensures that no one director has unfettered powers of decision-making, and which assists with the effective discharge of the Board's duties.

Audit and Risk Committee

At the reporting date, the Audit and Risk Committee comprised three independent non-executive directors. One of the members of the Audit and Risk Committee, Mr Kinney Moremoholo, passed away on 27 May 2021. On 18 June 2021, Ms Funeka Mtsila was appointed as a member of the Committee by the Board in Mr Moremoholo's stead.

The Chairperson of the Board is not a member of the Committee.

The Audit and Risk Committee is constituted as a statutory committee in respect of its statutory duties in terms of section 94(7) of the Companies Act and a Committee of the Board in terms of all other duties assigned to it by the Board, which includes the monitoring and evaluation of Committee risk functions.

The Committee performs the functions as set out in the Companies Act. Adequate processes and structures have been implemented to assist the Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries.

Corporate governance report

continued

The Committee provides independent oversight of, among others, the effectiveness of the Company's assurance services, with particular focus on combined assurance arrangements, including external assurance service providers, the finance function and the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Company. The Committee also considers annually and satisfies itself of the appropriateness of the expertise and experience of the Financial Director and the finance function. The Audit and Risk Committee furthermore considers the JSE Report on Proactive Monitoring of Financial Statements, as and when it is published, and takes the appropriate action to apply the findings.

The performance of the Audit and Risk Committee and significant issues dealt with during the reporting period are set out in the Report of the Audit and Risk Committee, included in the annual financial statements, on pages 147 to 155.

Remuneration Committee

The Remuneration Committee is responsible for overseeing remuneration. The Remuneration Committee comprises three non-executive directors, two of whom are independent. The Chairperson of the Board is a member of the Committee. The Report of the Remuneration Committee appears on pages 84 to 98.

Nomination Committee

The Board has delegated oversight of, amongst others, the following to the Nomination Committee:

- the process for nominating, electing and appointing members of the Board;
- succession planning of directors; and
- evaluation of the performance of the Board and its Committees.

The Nomination Committee comprises three non-executive directors, all of whom are independent.

The Chairperson of the Board is the Chairperson of the Committee. The Report of the Nomination Committee appears on pages 80 to 83.

Social and Ethics Committee

The Social and Ethics Committee is responsible for overseeing and reporting on social, ethics, transformation and sustainability matters.

It is also responsible to execute on the statutory duties set out in the Regulations to the Companies Act.

At the reporting date, the members of the Committee were two independent non-executive directors and the Human Resources Manager. Following the passing of Mr Kinney Moremoholo on 27 May 2021, a third member needs to be appointed to the Committee. The Chairperson of the Committee is an independent non-executive director and the Chairperson of the Board is not a member of the Committee. The Social and Ethics Report appears on pages 99 to 104.

Planned areas of future focus: The Board and its Committees have approved their respective annual workplans for the year ahead, which plans will be actioned and reported on in the next Integrated Annual Report.

Corporate governance report

continued

EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

An evaluation of the performance of the Board has commenced and will be reported on in the next Integrated Annual Report.

The Board evaluation consists of an annual questionnaire-based evaluation, which includes assessments of Board performance, Board Committee performance, performance of the Chairperson, performance of the Chief Executive Officer and performance of individual directors. This evaluation process is led by the Company Secretary.

The responses from the evaluation process are analysed to determine whether the Board is well balanced, the size of the Board is adequate for the Group and the Board has the relevant knowledge relating to the Group's business. Furthermore, directors' opinions are sought to establish whether Board meetings are well organised, efficiently run and that all relevant aspects of the Group's business are dealt with thoroughly by the Board and its various Committees, discharging their respective responsibilities adequately.

The Lead Independent Director of the Board will discuss the results of these reviews with the Board, the Chairpersons of the Board Committees and with each individual director.

The role of the Chairperson is formalised and every second year an assessment of the Chairperson's ability to add value and his performance against what is expected of his role and function will be conducted by the Board. The assessment of the Chairperson will be reported on in the 2022 Integrated Annual Report. The Lead Independent Director is responsible for ensuring that the performance of the Chairperson is evaluated annually. The Board and the Nomination Committee are responsible for succession planning for the position of the Chairperson.

The role and responsibilities of the Board, its Committees, the Chairperson, the Chief Executive Officer and the directors are outlined in the Board Charter.

The aim of the evaluation process is to improve the Board's performance and effectiveness.

Planned areas of future focus: The Board, with the support of the Nomination Committee, will determine the number of external directorships and other positions a director may hold, taking into consideration the relative size and complexity of the other organisation. The Nomination Committee will annually consider other commitments of directors and whether the director has sufficient time to fulfil the responsibilities as a director to ensure they can still execute their job effectively and is free from conflicts that cannot be managed satisfactorily. Should the Committee be of the view that a director is overcommitted or has an unmanageable conflict, the Chairperson will meet with that director to discuss the resolution of the matter to the satisfaction of the Committee.

Corporate governance report

continued

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Chief Executive Officer and executive management

The role and function of the Chief Executive Officer are specified in the Board Charter and the performance of the Chief Executive Officer is evaluated by the Board against the criteria specified in the Charter as well as against specific key performance indicators.

The Board approves and regularly reviews the framework and top-level delegation of authority in terms of which matters are delegated to the Chief Executive Officer. The Chief Executive Officer, Financial Director and executive management are jointly and severally the highest executive decision-making authority of the Group and are jointly and severally delegated with authority and are jointly and severally accountable to the Board for the successful implementation of the Group strategy and the overall management and performance of the Group, consistent with the primary aim of enhancing long-term shareholder value.

In terms of the delegation of authority framework, executive management supports the Chief Executive Officer and Financial Director in the implementation of the Group strategy and the overall management and performance of Brikor. The Chief Executive Officer and Financial Director may sub-delegate all matters not specifically reserved for decision-making by the Board or shareholders.

The Chief Executive Officer and Financial Director are not members of the Audit and Risk, Remuneration, Nomination and Social and Ethics Committees, but attend any meeting, or part thereof, by invitation, if needed, to contribute pertinent insights and information.

The Board evaluates the performance of the Chief Executive Officer and Financial Director annually against agreed performance measures and targets. During the reporting period, key performance indicators were developed for the Chief Executive Officer and the Financial Director by an external consultant and, on recommendation of the Remuneration Committee, adopted by the Board.

Company Secretary

Fusion Corporate Secretarial Services (Pty) Ltd (Fusion), is the Company Secretary, duly appointed by the Board in accordance with the Companies Act. Fusion provides outsourced company secretarial services on an arm's length basis to Brikor. The Board considers the competence, qualifications and experience of the Company Secretary annually. The Board is satisfied that Fusion is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Fusion has qualified and skilled employees with a combined company secretarial experience of more than 20 years and with qualifications ranging from LLB to Diplomas in Advanced Business and Securities Law.

The Company Secretary has a direct channel of communication to the Chairperson, while maintaining an arm's length relationship with the Board of Directors as far as reasonably possible. The role and responsibilities of the Company Secretary are described in the Board Charter.

Planned areas of future focus: Effective corporate governance is embedded in the values of the Group. The effective exercise of authority and responsibilities is, therefore, a regular agenda item on Board and Committee meeting agendas to ensure that time constraints and potential conflicts of interests are considered and balanced against the opportunity for professional development.

Corporate governance report

continued

RISK GOVERNANCE

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board has direct responsibility for the governance of risk and approves Brikor's risk policy that gives effect to its set direction on risk. Brikor is committed to effective risk management in pursuit of its strategic objectives, with the ultimate aim to grow value sustainably for all stakeholders by embedding risk management into key decision-making processes. The Board also approves Brikor's top risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels. The Board considers the risk environment from time to time, as deemed appropriate, and based on materiality and changes in the external and internal environments.

To support the Board in ensuring effective risk management oversight, the Board Committees are responsible for ensuring the effective monitoring of relevant Group top risks within the ambit of each Committee's scope.

In monitoring and providing oversight on Brikor's risk, each Committee will consider potential risks and/or opportunities, as appropriate.

At a Group level, Brikor is implementing actions to strengthen its business continuity capabilities including Group crisis management. This has been manifested through the Group's COVID-19 Disaster Management Plan, as outlined on pages 120 and 121.

The Group's Risk Framework, Risk Policy and Risk Register have been reviewed during the reporting period to ensure that they are in alignment with the Group's strategy and provide meaningful and relevant information.

Key risks and mitigation strategies are disclosed under risk management on pages 73 to 79.

Planned areas of future focus: The Board remains cognisant that the evaluation of the Group's Risk Framework, Risk Policy and Risk Register will be a continuous process to remain abreast of challenges and opportunities.

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board is ultimately accountable for the governance of technology and information management. The Board, through the Audit and Risk Committee, oversees and monitors the governance of information technology (IT) in the Group.

Information management risks are addressed and the return on major IT investments, aligned to Brikor's strategy, is monitored by the Board. The IT strategy is aligned to Brikor's business needs and sustainability objectives.

Planned areas of future focus: The Information and Technology Policy will be reworked to align it more to the recommended practices of King IV™ and to be reflective of the principle of communication and technology.

The IT Risk Management Framework will be aligned to the Group Risk Management Framework, including third-party management and disaster recovery measures. A formal Business Continuity and Disaster Recovery Plan will be developed in the year ahead.

Corporate governance report

continued

COMPLIANCE GOVERNANCE

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Board requires all Group companies and their directors and employees to comply with all applicable laws.

Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws and also to ensure appropriate responses to changes and developments in the regulatory environment.

The Social and Ethics Committee and Audit and Risk Committee receive regular reports on compliance matters, relevant to their respective terms of reference. The Compliance Officer is a member of the Compliance Institute of South Africa.

To the extent that legal and regulatory matters have an impact on the annual financial statements, reports are presented to the Audit and Risk Committee.

Specific areas of law have been identified as key Group legal compliance risk areas and risk mitigation and control steps have been identified for each of these areas. Safety, health and environmental laws, have been identified as key Group legal compliance risk areas, and enjoy management focus.

All individual statutory financial statements have been completed and all tax returns, royalties tax returns, VAT and PAYE as well as CIPC returns are up to date.

A Compliance Policy is in its developmental phase, taking cognizance of the Group's compliance and regulatory universe.

The Board of Directors confirms that Brikor is in compliance with the provisions of the Companies Act, specifically relating to its establishment, and operates in conformity with its Memorandum of Incorporation.

Planned areas of future focus: The compliance structure will continue to be fine-tuned and aligned to governance principles and practices.

REMUNERATION GOVERNANCE

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

Brikor has an embedded rewards strategy and policy which translate into competitive and appropriate reward outcomes. The Background Information, Remuneration Policy and the Remuneration Implementation Report are reported on in detail on pages 84 to 98 in the Report of the Remuneration Committee in the Integrated Annual Report.

Brikor's Remuneration Committee is tasked by the Board to independently approve and oversee the implementation of a Remuneration Policy that will encourage the achievement of Brikor's strategy and grow stakeholder value sustainably.

The Remuneration Policy aims to enable the attraction and retention of skilled resources and results in rewards aligned with shareholder interests. The Policy is designed to achieve the following objectives:

- to attract, motivate, reward and retain human capital;
- to promote the achievement of strategic objectives in a manner which is aligned with the Group's approach to risk management; and
- to promote positive outcomes aligned with short-, medium- and long-term objectives in support of an ethical culture and responsible corporate citizenship.

Corporate governance report

continued

Brikor discloses the remuneration of each director and prescribed officer individually in its annual financial statements.

In line with the recommended practices in King IV™, both the Remuneration Policy and the Remuneration Implementation Report will be tabled for separate non-binding advisory votes by the shareholders at the Annual General Meeting to be held on 25 August 2021.

The Remuneration Policy provides for the measures that Brikor commits to take in the event that either the Remuneration Policy or the Remuneration Implementation Report, or both, are voted against by 25% or more of the votes exercised at the Annual General Meeting.

Planned areas of future focus: The Remuneration Policy is subject to annual review by the Remuneration Committee. The Committee remains cognisant of shareholder feedback on the Policy and the implementation thereof.

ASSURANCE

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Audit and Risk Committee is responsible for the quality and integrity of Brikor's integrated reporting. The Board, with the support of the Audit and Risk Committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Group's external reports.

The Group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication.

A combined assurance approach has been implemented that assists in addressing control over the key risks facing the Group. Such risks and their mitigating controls are identified and controlled by management, within a risk framework determined by the Board, and the process is monitored and evaluated under the direction of the Audit and Risk Committee. The five lines of defence approach, as recommended in King IV™, has been implemented.

The Audit and Risk Committee is responsible for, amongst others, assisting the Board and management in maintaining an effective internal control environment, ensuring the integration of assurance provided and monitoring the adequacy and effectiveness of combined assurance over Brikor's risk management process. Further disclosure is contained in the Combined Assurance section on pages 66 to 68 of the Integrated Annual Report.

The Board continuously reviews the requirement and the necessity to appoint internal auditors, measured against affordability for the Company in its current form. The Board, as a whole, remains responsible for the assessment of the appropriateness of internal controls.

Planned areas of future focus: A formal combined assurance model will be developed, and the evaluation of an internal audit function will continue.

Corporate governance report

continued

STAKEHOLDERS

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Brikor strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes aimed at a more systematic and integrated approach to stakeholder engagement to enable increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed.

The Board, through the Social and Ethics Committee, considers issues around stakeholder perceptions.

The Committee has oversight of stakeholder engagement and management. Through regular reporting by management to the Social and Ethics Committee and the Chairperson of that Committee to the Board, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.

It is a business imperative that Brikor understands and is responsive to the needs and interests of its key stakeholder groups.

Stakeholder engagement disclosures appear on pages 69 to 72 of the Integrated Annual Report.

Brikor is constantly seeking to improve the way in which it engages with its stakeholders to effectively respond to matters raised during interactions.

The Company also publishes its most recent financial and operational performance and provides recent historical information, including its Integrated Annual Reports, on its website. Brikor invites all shareholders to attend its Annual General Meeting.

The Social and Ethics Committee meets on a regular basis to provide strategic direction on Group-wide stakeholder relations, to ensure the achievement of balanced and integrated economic, social and environmental performance.

The subsidiary company has delegated responsibilities, as required, to Board Committees of the holding Company and has adopted the policies and procedures of the holding Company.

Planned areas of future focus: Stakeholder engagement continues to be an increased focus area to facilitate feedback from the different stakeholder groups and in support of the Board's intentional stakeholder-inclusive approach.

COMBINED ASSURANCE

A combined assurance model is applied to provide a coordinated approach to all assurance activities.

The combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group.

Within Brikor there are a number of assurance providers that either directly or indirectly provide certain assurances over the adequacy and effectiveness of those controls that mitigate the risks as identified during the risk assessment process described on pages 73 to 79.

Collectively, the activities of these assurance providers, each representing a line of defence for the Group, are referred to as the combined assurance model.



Brikor has taken an approach designed to meet the objectives of combined assurance in a pragmatic and cost-effective manner.

PROCESS

The development of Brikor's combined assurance model entailed the following:

- risk identification;
- identification of controls;
- identification of assurance providers;
- assessment of assurance activities against controls; and
- conclusion and development of action plans.

Combined assurance

continued

ASSURANCE PROVIDERS

1st line of defence – Management-based assurance

Management oversight, including strategy implementation, key performance indicators and performance measurement, control self-assessments and continuous monitoring mechanisms and systems are included in the first line of defence.

2nd line of defence – Risk and compliance-based assurance

The risk register is prepared by the Financial Director. The Chief Risk Officer reviews and tests the risk register and provides assurance on the Group's risk register, the implementation of the policy and the plan for risk management. The risk register is presented to the Audit and Risk Committee for submission to the Board. The Board as a whole determines and approves the levels of risk tolerance for the Group.

3rd line of defence – Internal assurance

Compliance, health and safety and quality assurance processes are included in this third line of defence. These functions are responsible for maintaining policies, minimum standards, monitoring and reporting and are assured by the Compliance Officer, Health and Safety Officer and the Financial Director.

The Group's Internal Geologist and M&R Environmental Officer ensure compliance with the requirements of the Department of Mineral Resources and Energy ("DMRE") as well as the Group's environmental management plans.

The Board continuously reviews the requirement and the necessity to appoint internal auditors, measured against affordability for the Group in its current form. The Board as a whole remains responsible for the assessment of the appropriateness of internal controls.

4th line of defence – External assurance

The Audit and Risk Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor carries out an annual audit of the Group's operating subsidiary and holding company in accordance with international auditing standards and reports in detail on the results of the audit both to the management of the Group's divisions and to the Audit and Risk Committee.

The external auditor, Nexia SAB&T, is the main external assurance provider for the Board in relation to the Group's financial results for each financial year. Minxcon (Pty) Ltd provides external assurance on Brikor's Competent Person's Report and Golder Associates Africa provides external assurance on the quantification of the environmental provision.

5th line of defence – Board and oversight sub-Committees

In addition to the Board of Directors, the following Board Committees provide assurance as stated below:

- Audit and Risk Committee – with regard to financial and internal controls outlined in its terms of reference and the enterprise-wide risk management framework.
- Remuneration Committee – with regard to controls in the remuneration sphere.
- Nomination Committee – in relation to Board diversity, succession planning and corporate governance structures.
- Social and Ethics Committee – with regard to oversight of the Group's controls in the sphere of social, ethics, transformation and sustainability.

Combined assurance

continued

The Audit and Risk Committee has reviewed the combined assurance results for the Group to satisfy itself that appropriate assurance activities are in place in relation to the controls operating over key risks and controls identified in risk management.

BOARD ASSESSMENT OF THE GROUP'S SYSTEMS OF INTERNAL CONTROLS AND RISK MANAGEMENT

At the Board meeting held on 27 May 2021, the Board of Directors has confirmed that nothing has come to their attention or arose out of the internal control self-assessment process or year-end external audit that causes the Board to believe that the Group's systems of internal controls and risk management are not effective or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is based on the combined assurances of the external auditors, management and the Audit and Risk Committee.

ASSURANCE

The data in this report has been assured to the extent set out below.

The consolidated and separate financial statements have been audited by the independent auditors, Nexia SAB&T, and their audit report appears on pages 163 to 167 of the financial statements.

Brikor's management and directors are responsible for the preparation and presentation of the identified sustainability information, as incorporated in the 2021 sustainability data and information, and for the information contained in the Integrated Annual Report, in accordance with their internally defined procedures. Brikor's management and directors are also responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

The Audit and Risk Committee has reviewed the sustainability issues in the sustainability data and in the Integrated Annual Report to ensure that they are reliable and that there is no conflict with the financial information.

Information contained within the sustainability data and content and disclosures from certain external sources have been independently verified, such as the broad-based black economic empowerment rating on page 125 by Amax BEE Verifications (Pty) Ltd. The Competent Person's Report on pages 129 to 141 was assured by Minxcon (Pty) Ltd. External independent assurance may in the future be sought for the Sustainability Report.

COMPLIANCE

All individual statutory financial statements have been completed and all tax returns, royalties tax returns, VAT and PAYE as well as CIPC returns are up to date. On 9 July 2020, Brikor complied with all relevant legislation, other than the appointment of a Financial Director, which is regulated in terms of the JSE Listings Requirements.

On 29 June 2020, Ms Joaret Botha (CA(SA)), was appointed as Financial Director, thereby rendering Brikor compliant.

On 23 July 2020, the suspension of Brikor's listing on the Alt^x of the JSE was uplifted and trading in the Company's shares re-commenced on that date.

STAKEHOLDER ENGAGEMENT

Stakeholders are those individuals, groups of individuals or organisations that impact and/or could be impacted by Brikor's activities, products or services and associated performance. Brikor is deeply connected to the environment in which it operates and the societies which it serves. The Group's ability to deliver value is dependent on its relationships and, by providing for Brikor's stakeholders needs and meeting their expectations, value is created for the Group's stakeholders and for Brikor. Engagement with stakeholders occurs regularly in the ordinary course of business and is tailored to meet the needs of each stakeholder. This can range from day-to-day liaison with employees, customers and suppliers; Integrated Annual Report and interim reporting; direct interaction or one-on-one meetings; and notices distributed through SENS and media channels.

Due to the COVID-19 pandemic and the implementation of the required protocols in terms of the Disaster Management Act, no 57 of 2002, the Group adapted its stakeholder engagements in alignment thereto. Where in-person meetings were necessary, Brikor implemented the prescribed protocols gazetted by government. In most instances, however, virtual engagements were favoured, using various digital platforms.

In the context of sustained value creation for all stakeholders, the Group's engagement with stakeholders includes:

- **An inclusive approach:** consultation with stakeholders in developing and achieving an accountable and strategic response to sustainability.
- **Materiality:** determining the relevance and significance of issues to both the Group and its stakeholders. The materiality of issues concerns the legitimate interests and expectations of stakeholders in the context of the legal and strategic considerations of the business.
- **Responding appropriately** to stakeholder issues through decisions, actions, performance and communication.

The Board has identified the following key stakeholder groups with whom the Group engages in a structured and inclusive manner, aimed at establishing and maintaining open and transparent, mutually beneficial relationships:

	REGULATORS
■ Shareholders and the investment community	
■ Banks, funders and insurance companies	
■ Regulators	
	SPECIFIC CONTRACTS
■ Customers	
■ Employees	
■ Trade unions	
■ Suppliers	
	RESPONSIBILITIES TO SOCIETY
■ Communities	
■ Media	
	CO-OPERATIVE ENGAGEMENT
■ Government – national, provincial and local	

Stakeholder engagement

continued

Stakeholder engagements during the reporting period are disclosed below.

SHAREHOLDERS AND THE INVESTMENT COMMUNITY	
Providers of share capital and the primary risk takers within the business	
What matters to them:	Our response:
Group strategy	Disclosure of the Group's strategy in the Integrated Annual Report with yearly updates.
Group performance	Reporting at the half-year and year-end on SENS and distribution of the Integrated Annual Report to all shareholders.
Strong corporate governance	Strong corporate governance practices and codes are implemented at both Board level and throughout the Group. At Brikor, corporate governance is not viewed as a set of rules but rather a way of life and underpins all engagements.
Significant non-financial matters	Non-financial matters are disclosed in the Sustainability Report annually.
COVID-19 pandemic	The Annual General Meeting held on 6 November 2020 was a virtual meeting, facilitated by The Meeting Specialist. Shareholders were able to raise questions and cast their votes in real time.
BANKS, FUNDERS AND INSURANCE COMPANIES	
Primary bankers who provide working capital and general transactional banking facilities; and credit underwriters who provide insurance on trade and other receivables to manage credit risk in accordance with Group policy	
What matters to them:	Our response:
Stable and sound financial management of the business	Brikor has reduced the gearing of the Group, improved on the liquidity, solvency and overall working capital management.
Management of funding within the parameters set by the agreements entered into between Brikor and its funders	Brikor has an overdraft facility in place.
Regular updates and communication in Brikor's financial sphere	The Integrated Annual Report and individual statutory financial statements are delivered to the Group's bankers annually. Management accounts are sent upon request.
REGULATORS	
Industry associations and various regulatory bodies who ensure that the Group adheres to all applicable laws, regulations codes and corporate governance, specifically the JSE, Department of Mineral Resources and Energy, Department of Trade and Industry, South African Revenue Service and the Department of Labour	
What matters to them:	Our response:
Ongoing compliance with legislation, regulatory frameworks and good governance	Maintain sound governance policies and procedures.
	Submission of regular statutory returns.
	Timely collection and payment of duties and taxes.

Stakeholder engagement

continued

CUSTOMERS	
Contractors in the construction industry	
What matters to them:	Our response:
Compliance with a customer-centric ethos	Meet and exceed customers' expectations through innovative solutions and broader product ranges.
Retain and grow key customers	Focus on key senior relationships with strategic customers as well as regular customer communication.
SUPPLIERS	
Providers of products and services, in accordance with Brikor's Procurement Policy	
What matters to them:	Our response:
Long-term sustainable support of small and/or black-owned supplier companies (enterprise development)	Maintain supportive relationships with small and/or black business to ensure their sustainability.
Fair and ethical sourcing by Brikor for the rendering of an ongoing viable supply of the products and services Brikor require, combined with timely payment and favourable terms	Formal service level agreements are entered into with suppliers.
EMPLOYEES	
A diverse range of individuals of varying skills, expertise, qualifications experience and nationalities (including race and gender diversity) employed across the Group to add value to all stakeholders	
What matters to them:	Our response:
Market-related remuneration	Fair remuneration practices.
Communication to ensure good employee relationships and a positive workforce	Informal, hands-on managerial culture.
Action by management on employee issues raised	Action the feedback received from employees during, for example, surveys.
Securing, retaining and development of necessary skills	Performance evaluations, career guidance and skills development, training and development programmes.
An empowering and enabling environment that embraces diversity and inclusivity	Focus on the enhancement of a diverse and inclusive staff profile.
Health and safety	Enforcement of training for health and safety standards and procedures.
COVID-19 pandemic	- Financial support, personal protective equipment and COVID-19-related training were provided to employees. - All protocols, stipulated by government, were implemented in the workplace. - Employees who were able to work from home were encouraged to do so and were given the necessary IT support to fulfil their duties.

Stakeholder engagement

continued

TRADE UNIONS

Organisations of workers in the same skilled occupations or related skilled occupations who act together to secure favourable working conditions for all their respective members

What matters to them:	Our response:
Fair remuneration for members	- As communicated with trade unions and employees in January 2020, there would be no wage increases during F2021. - A mandate for the 2021 wage negotiations has been given to the Chief Executive Officer.

COMMUNITIES

The areas in which Brikor's operations are located and the people participating in and related to the Group's activities

What matters to them:	Our response:
Community involvement and contribution	Improving the lives of vulnerable members of the community in which Brikor operates by supporting the need to address the transformation of the historically disadvantaged. The annual spend in respect of corporate social initiatives, as detailed on page 127 of the Sustainability Report, was R105 000 during F2021 (F2020: R1,4 million).
Local procurement	Procurement in South Africa only.
Inclusive economic growth	Employment from areas surrounding Brikor's operations, skills development and enterprise development.

MEDIA

Media includes every broadcasting and narrowcasting medium such as newspapers, magazines, TV, radio, billboards (including signage on buildings), direct mail, telephone, fax and internet as well as social media platforms

What matters to them:	Our response:
Educate and inform the respective audiences of developments in the building and infrastructure sectors, by adding Brikor's voice to the public debate	Interviews and press briefings are given to the media.
Communicate the Group's performance and contribution to the economy, including its product and service offerings	- Publication of the Group's results on SENS as well as advertising in the mainstream media from time to time. - Regular social media posts on Facebook and Instagram relating to the Group's product and service offerings.

GOVERNMENT – NATIONAL, PROVINCIAL AND LOCAL

Members of local, provincial and national government with particular emphasis on those involved in infrastructure development

Tender processes and adjudication	Constructive engagement with customers participating in tenders.
Local economic development	Collaboration with the Ekurhuleni Metropolitan Municipality when identifying and selecting local economic development projects to be undertaken.

■ ■ RISK MANAGEMENT

The Board is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process, and sets the risk strategy, which is based on the need to identify, assess, manage and monitor all known forms of risk across the Group, in liaison with the executive directors and senior management. These policies are clearly communicated to all employees to ensure that the risk strategy is incorporated into the language and culture of the Group.

The Board decides the Group's appetite or tolerance for risk and has the responsibility to ensure that the Group has implemented an effective ongoing process to identify risk, to measure its impact against a broad set of assumptions and then to activate what is necessary to proactively manage these risks. Risk management and internal controls are practised throughout the Group and are embedded in day-to-day activities.

Risk is not only viewed from a negative perspective. The review process also identifies areas of opportunity, such as where effective risk management can be turned into competitive advantage.

Pure risks are identified, and risk awareness is promoted throughout the Group.

The Group has adopted an ongoing, systematic and documented risk management process that ensures that all material risks are identified, evaluated, effectively managed, and where this is practical, quantified. This process is undertaken within each business unit as well as by the Board and serves to ingrain a sustainable risk awareness and culture at all levels. Ongoing business sustainability is addressed as part of this process.

The Group insures against losses arising from catastrophic events, which include fire, flood, explosion, earthquake and machinery breakdown, as well as business interruption from these events. The Group renews its insurance policies annually in November.

GROUP RISK MANAGEMENT FRAMEWORK

Formalisation of a risk management framework is the responsibility of the Board of Directors. The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the Group as a whole and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- improved risk management and control.

The Group's risk management framework aims to:

- align strategy with risk appetite and tolerance;
- improve decision-making which improves the Group's risk profile;
- promote the strategic and coordinated procurement of a quality order book;
- ensure equitable commercial terms and conditions are contracted;
- promote continuous improvement through the application of key lessons learnt;
- improve predictability and build shareholder confidence;
- build robust organisational risk structures and facilitate timeous interventions to promote long-term sustainability; and
- promote the efficient and proactive utilisation of opportunities.

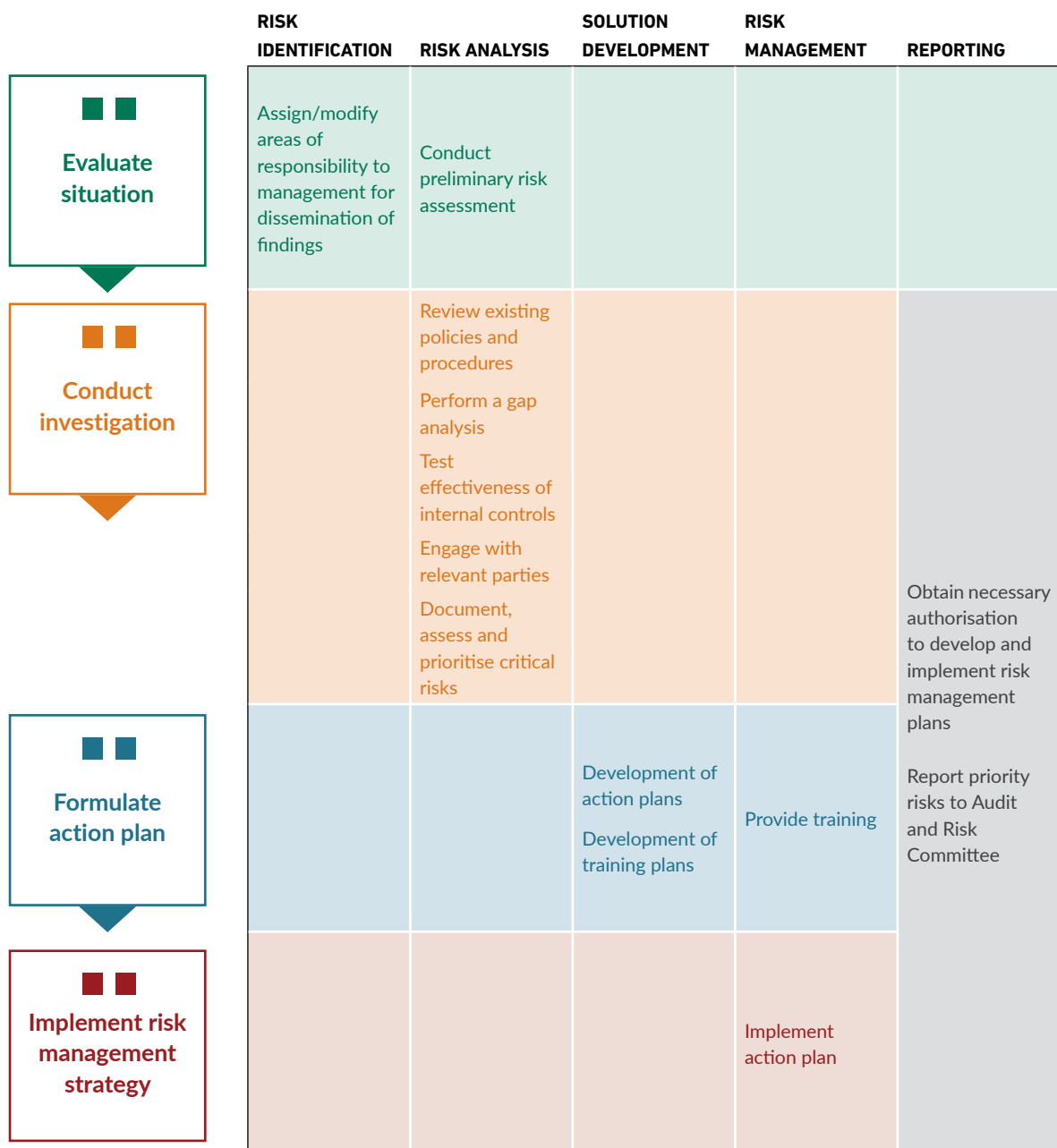
Risk management

continued

IDENTIFYING RISKS AND OPPORTUNITIES

The identification of risks and opportunities is robust, systematic and involves every level of the organisation.

During the reporting period, the risk register was updated and re-designed to align with best practice frameworks, ISO 31000 as well COSO.



Risk management

continued

Having regard to the fact that managing risk is an inherent part of the Group's activities, risk management and the ongoing improvement in corresponding control structures remain a key focus of management in building a successful and sustainable business.

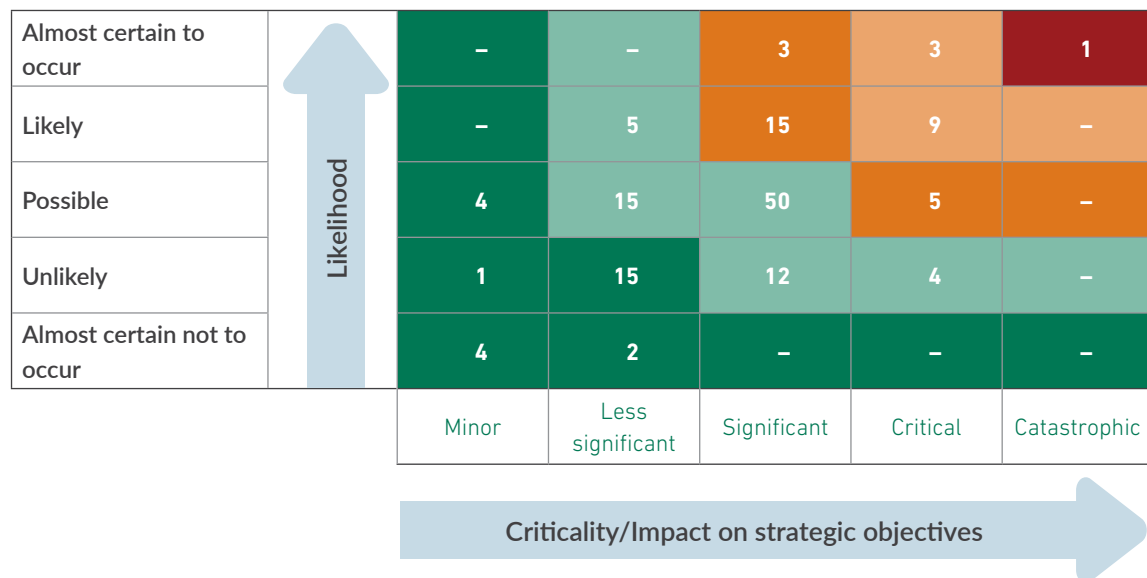
The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

The Audit and Risk Committee monitors the progress of the implementation of the risk management processes, with written submissions and presentations being done by management at regular intervals.

The structure of the Group promotes the active participation of executive management in all of the operational and strategic decisions affecting the business units. This creates a strong culture of ownership and accountability.

Senior management plays an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit. The Board is kept abreast of developments through formalised reporting structures, ongoing communication with management, regular management meetings at operating entity level and through representation of executive members of the Board on the forums responsible for the management of risk at an operating entity level.

The heat map below depicts the total risk exposure for the Group, the extent of the potential risk impact on the strategic objectives (criticality), and the likelihood of the risks occurring. The residual risk rating is the remaining exposure after all mitigating measures have been applied. External factors beyond management's control, such as the COVID-19 impact and the macro-economic environment, are key contributors to the current high residual risk ratings.



Key risks and mitigation strategies, specific to Brikor, are disclosed below. Proper consideration has been given to the material risks that face Brikor, and material risks were grouped together in a coherent manner, with material risks considered to be of the most immediate significance disclosed prominently at the beginning of the material risks disclosure.

Risk management

continued

Risk rating 2021 [2020 risk rating]	Top strategic risks threatening the achievement of the business plan	Mitigation strategies	Residual risk rating	Impact on business plan
1 [3]	FUTURE MINING OPERATIONS AND MINEABLE RESOURCES - Inability of the Company to obtain the additional mining right for the Grootfontein mining area. The Group's coal resources might reach dangerously low levels. - Inability of the Company to obtain sufficient drilling information pertaining to new mining areas, resulting in available resources not being assessed appropriately.	- A mining right application has been submitted to the Department of Mineral Resources and Energy ("DMRE") for a site adjacent to the current mining operations. All required documentation have been submitted to the DMRE and the application is in its final stage. - The Company makes use of reputable suppliers to perform and log all drilling information, which is verified by Minxcon (Pty) Ltd on an annual basis and reported on in the Competent Person's Report.	EXTREME	SIGNIFICANT
2 [1;2]	COVID-19 AND UNCERTAINTY IN THE SOUTH AFRICAN ECONOMY Inability of the Company to respond positively, to uncertainty in the economy, impacting its operations and gross profit margins. Uncertainties relating to: - COVID-19 and potential further restrictions; - volatility of the mining industry; - volatility of the construction industry; and - pressure on local coal sales due to oversupply from export market.	- COVID-19 specific risk assessments were conducted and strict protocols and control measures have been implemented. All procedures are aligned with government notices and/or regulations, as published. - Available stock levels are managed to ensure that market demand is met. - Cost restrictions and avoiding of unnecessary gearing. - Entering into short-term and not long-term arrangements (i.e., short-term rental facilities).	HIGH	CRITICAL
3 [7]	LABOUR ACTION AND STAFF MORALE - Inability by the Company to meet its annual bonus and salary increase expectations. - Damage to the Company's relationship with the relevant labour union and potential labour unrests.	- The Company continues to focus on open-channel and transparent communication between the Human Resources Manager and the Union Organiser. - The Company uses the expertise of an experienced labour law consultant in all industrial relations-related matters. - Wage negotiations for the 2022 financial year have started and is in progress at the date of this report.	HIGH	CRITICAL

Risk management

continued

Risk rating 2021 [2020 risk rating]	Top strategic risks threatening the achievement of the business plan	Mitigation strategies	Residual risk rating	Impact on business plan
4 NEW	CURRENT LIFE OF MINE ESTIMATES - Inability by the Company to accurately estimate mineral/coal reserves. - Inaccurate estimates for mineral/coal reserves resulting in inaccurate determination of the life of mine and inaccurate financial reporting.	- The Company makes use of reputable suppliers to perform and log all drilling information, which is verified by Minxcon (Pty) Ltd on an annual basis and reported on in the Competent Person's Report. - Accounting estimates are reviewed on a regular basis by the Financial Director as well as the Audit and Risk Committee.	HIGH	CRITICAL
5 NEW	MARKET RISK IMPACTING THE VALUATION OF THE ISSUED SHARE CAPITAL Inability of the Company to ensure that confidential/sensitive/not yet public information are being leaked to the market.	Majority of the Board of Directors are independent, non-executive directors. The Board is fully committed to the highest standards of governance and accountability.	MEDIUM	CRITICAL
6 [9]	BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN Lack of a formal Business Continuity and Disaster Recovery Plan for the Company and resultant loss of critical business information.	Management is in the process of aligning the IT Risk Management Framework to the Group Risk Management Framework, including third-party management and disaster recovery measures. A formal Business Continuity and Disaster Recovery Plan will be developed in the year ahead.	MEDIUM	CRITICAL

Risk management

continued

Risk rating 2021 [2020 risk rating]	Top strategic risks threatening the achievement of the business plan	Mitigation strategies	Residual risk rating	Impact on business plan
7 [6]	CARBON TAX - Additional financial and operational requirements to ensure implementation into the Company's operations that need to be complied with. - Increased cost of production, payment of carbon tax levies and financial reporting responsibilities for the Company.	- The financial impact of carbon tax is planned to be alleviated through partial transfer to the consumer and absorption into own cost of production. - Initiatives to offset the Group's carbon emission will be explored over the longer term.	MEDIUM	SIGNIFICANT
8 NEW	REDUCED/LOWER THAN EXPECTED PRODUCTION VOLUMES Inability of the Company to operate at its optimum production capacity and maintaining high inventory turnover days ratio due to electricity supply constraints and high levels of rainfall.	Management monitors and assesses the inventory levels on an ongoing basis. When production losses occur, alternative arrangements are made to catch up on lost hours.	MEDIUM	SIGNIFICANT
9 [5]	BROAD-BASED BLACK ECONOMIC EMPOWERMENT - Due to Brikor not having sufficient black ownership, nor an empowerment partner, applications for new mining rights might not be granted by the DMRE. This will affect the longevity of the Company. - Inability of the Company to maintain its required BBBEE rating as a result of increased costs.	- Kopanela Mining (Pty) Ltd was established in October 2020 as a broad-based black ownership vehicle to secure future prospecting and mining rights. - Management, in consultation with its advisors, is in the process of assessing the impact of all entities within the Brikor Group on its BBBEE rating.	MEDIUM	SIGNIFICANT

Risk management

continued

Risk rating 2021 [2020 risk rating]	Top strategic risks threatening the achievement of the business plan	Mitigation strategies	Residual risk rating	Impact on business plan
10 [8]	ENVIRONMENTAL Understatement/overstatement of the environmental provision due to significant judgements and estimates used: - Understatement resulting in underproviding of funds for future cash outflows required for restoration - Overstatement resulting in the risk portfolio of the Group being misleading to potential investors and/or financiers	- External experts are consulted annually for high-risk areas' valuation and analyses. - In-house personnel have the necessary expertise and continually monitor risk and keep up-to-date data. - Ongoing concurrent rehabilitation is performed to keep the liability down to a sub-minimum level.	MEDIUM	SIGNIFICANT

REPORT OF THE NOMINATION COMMITTEE

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

During most of the reporting period, the members of the Nomination Committee (the Committee) were Mr Allan Pellow (Chairperson), Mr Dries Ferreira, Dr Tanya Hendry, Mr Norman Hornby, Ms Mamsy Mokate, Mr Steve Naudé and Mr AP van der Merwe. At the Annual General Meeting held on 6 November 2020, the resolutions pertaining to the ratification of Mr Dries Ferreira, Dr Tanya Hendry and Mr Norman Hornby appointment as directors of the Company, and who were members of the Committee, were not passed by the requisite majority of shareholders. Mr AP van der Merwe did not offer himself for re-election by shareholders at the Annual General Meeting held on 6 November 2020.

On 14 December 2020, Mr Kinney Moremoholo was appointed as director and subsequently as member of the Nomination Committee. Mr Moremoholo passed away on 27 May 2021.

At the date of publication of the Integrated Annual Report, the Committee therefore comprised three independent non-executive members appointed by the Board.

In terms of the Committee's mandate, meetings of the Committee should be held as frequently as the Committee, in consultation with the Company Secretary, considers appropriate, but subject to a minimum of two meetings per year.

The attendance at meetings held is set out below:

	17 Nov 2020	10 Mar 2021
Members		
Allan Pellow (Chairperson)	P	P
Mamsy Mokate	P	P
Kinney Moremoholo ¹	N/A	P
Steve Naudé	P	P
Invitees		
Garnett Parkin (Chief Executive Officer)	P	P
Joaret Botha (Financial Director)	N/I	P
Exchange Sponsors (2008) (Pty) Ltd (Designated Advisor)	N/I	P
Company Secretary		
Fusion Corporate Secretarial Services (Pty) Ltd	P	P

¹ Appointed on 14 December 2020; passed away on 27 May 2021

P – Present

N/A – Not appointed

N/I – Not invited

Report of the Nomination Committee

continued

ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities are governed by a formal Charter as approved by the Board. The Charter is subject to annual review by the Board. A copy of the Charter is available for inspection at the Company's registered office.

The duties of the Committee include:

Board-related matters

- to make recommendations to the Board on the appointment of the Chief Executive Officer, new executive and non-executive directors, including making recommendations on the composition of the Board generally and the balance between executive, non-executive and independent non-executive directors appointed to the Board;
- to ensure that directors are appointed through a formal process;
- to ensure induction and ongoing training and development of directors take place;
- to make recommendation to the Board on the appointment of a Lead Independent Director in the event of the Chairperson of the Board not being an independent non-executive director;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- to identify and nominate candidates for the approval of the Board to fill Board vacancies as and when they arise, as well as put in place plans for succession, in particular for the Chairperson and the Chief Executive Officer;
- to recommend directors that are retiring by rotation, for re-election;
- to consider recommendations by management in relation to non-executive director remuneration for final recommendation by the Board to shareholders;
- to initiate an annual, formal evaluation process of the Board, Board sub-Committees and individual directors, including the Chief Executive Officer, Chairperson of the Board and the Financial Director;
- to consult other directors in its evaluation of the Chairperson of the Board, the Chief Executive Officer and individual directors;
- to ensure that the Board comprises a balanced mix of directors, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience, in line with the Board Diversity Policy and paragraph 3.84 (i) (or as amended from time to time) of the JSE Listings Requirements;
- if applicable, to explain why any of the above diversity indicators have not been applied and further report progress in respect thereof on agreed voluntary targets; and
- to review and recommend the Board Diversity Policy and Gender Equality Policy and review the status of female and race representation on the Board relative to the Board Diversity Policy and the Gender Equality Policy.

General

- to give due consideration to the Listings Requirements of the JSE and the principles of governance and the code of governance principles as contained in the King Report;
- to retain a copy of the current Charter of the Committee at the registered office of the Company and provide shareowners with a copy of same, if requested; and
- to consider such other topics and fulfil such other duties as defined by the Board.

Report of the Nomination Committee

continued

ACTIVITIES OF THE NOMINATION COMMITTEE

PROFESSIONAL DEVELOPMENT	
Executives	The importance of ongoing training and development of directors and officers has again been emphasised. Identified courses would be presented to the Chairperson and CEO for consideration and, based on affordability, directors and officers would be offered the opportunity to participate in courses.
SUCCESSION PLANNING	
Executive directors, Bricks segment and Clay segment	Succession planning for the executive directors and senior management throughout the Group remains a regular agenda item and is evaluated and updated on an ongoing basis.
Senior management	The Millwright position has been replaced with two junior BBBEE appointments for Ilangabi and Brikor, respectively.
EVALUATION	
Board and Committees	An evaluation of the Board and its sub-Committees has commenced, the outcome of which will be disclosed in the next Integrated Annual Report.
Company Secretary	The Company Secretary, Fusion Corporate Secretarial Services (Pty) Ltd, is considered to be competent, qualified and experienced and has an arm's length relationship with the Board of Directors.
POLICIES	
Board Diversity Policy	The updated Board Diversity Policy was presented to the Committee for information purposes to remind the Committee of the said Policy. Refer to page 57 of the Corporate Governance section for details on the updates.
Nomination and Selection Policy	The Nomination and Selection Policy is subject to annual review. No changes were made to the Policy during the reporting period.
APPOINTMENT OF DIRECTORS	
Nomination	Following the Annual General Meeting held on 6 November 2020, when Messrs Dries Ferreira and Norman Hornby and Dr Tanya Hendry's appointments were not ratified by shareholders, the Nomination Committee, on 17 November 2020, received two CVs for consideration for the appointment of an independent non-executive director.
Process	- The Committee took cognisance of the Board Diversity Policy, the Nomination and Selection Policy, the JSE Listings Requirements, the Companies Act, no 71 of 2008, as amended, and the King IV Report on Corporate Governance for South Africa 2016 during their deliberations and considerations. - The Committee further considered the skills and experience of the candidates to ensure a balanced Board with financial, legal, commercial and industry experience as well as suitability for appointment to the Audit and Risk Committee.
Diversity and independence	- The Committee concluded that race diversity was to be achieved in the medium term. - In terms of the Committee's mandate to conduct an independence assessment on all newly appointed directors, potential candidates were also considered on the basis of independence.
Recommendation	- The Committee recommended Mr Kinney Moremoholo for appointment to the Board, subject to the successful outcome of the background check, and him consenting to act as a director. - As announced on SENS on 14 December 2020, the Board appointed Mr Moremoholo as an independent non-executive director and member of the Audit and Risk Committee. - Subsequent to the reporting date, Mr Moremoholo sadly passed away on 27 May 2021.

Report of the Nomination Committee

continued

APPOINTMENT OF DIRECTOR AFTER THE REPORTING DATE	
	Following the passing of Mr Kinney Moremoholo on 27 May 2021, the process for appointing an independent non-executive director and member of the Audit and Risk Committee commenced, which appointment have to be made within 40 business days, as required by the Companies Act and Brikor's Memorandum of Incorporation.
Nomination	Ms Funeka Mtsila, the Independent Non-Executive Chairperson of Kopanela Mining (Pty) Ltd, was nominated for appointment as an independent non-executive director to the Brikor Board.
Process	- The Committee took cognisance of the Board Diversity Policy, the Nomination and Selection Policy, the JSE Listings Requirements, the Companies Act, no 71 of 2008, as amended, and the King IV Report on Corporate Governance for South Africa 2016 during their deliberations and considerations. - The Committee further considered the skills and experience of Ms Mtsila to ensure a balanced Board with financial, legal, commercial and industry experience as well as suitability for appointment to the Audit and Risk Committee.
Diversity and independence	- The Committee concluded that the appointment of Ms Mtsila would achieve Brikor's gender diversity targets, in that 50% of the Board members would be female, as well as improve its race diversity. - In terms of the Committee's mandate to conduct an independence assessment on all newly appointed directors, Ms Mtsila was also considered on the basis of independence.
Recommendation	- The Committee recommended Ms Funeka Mtsila for appointment to the Board, subject to the successful outcome of the background check, and her consenting to act as a director. - As announced on SENS on 18 June 2021, the Board appointed Ms Funeka Mtsila as an independent non-executive director and member of the Audit and Risk Committee.
BOARD AND COMMITTEE COMPOSITION	
Board	The Board composition and categorisation of directors appear on pages 42 to 45 of the Integrated Annual report.
Committees	Board sub-Committee composition is disclosed on page 50 of the Integrated Annual Report.

CONCLUSION

The Report of the Nomination Committee was approved by the Board on 22 June 2021.

For and on behalf of the Nomination Committee



Allan Pellow

Chairperson of the Nomination Committee



REPORT OF THE REMUNERATION COMMITTEE

PART 1: BACKGROUND STATEMENT

The Remuneration Committee (the Committee) takes pleasure in submitting this Report, describing how the Committee's duties assigned to it by the Board in respect of the financial year ended 28 February 2021, were discharged.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Committee comprised three skilled and experienced non-executive directors, appointed by the Board, being Ms Mamsy Mokate as Independent Chairperson of the Committee, Mr Steve Naudé (independent) and Mr Norman Hornby until the Annual General Meeting held on 6 November 2020. Mr Norman Hornby's appointment by the Board as a non-executive director was not ratified by shareholders and his appointment terminated on that date.

On 6 November 2020, Mr Allan Pellow, Independent Non-Executive Chairperson of the Brikor Board, was appointed as a member of the Committee. At the reporting date, the Committee comprised three independent non-executive directors, being Ms Mamsy Mokate (Chairperson of the Committee) and Messrs Steve Naudé and Allan Pellow. In alignment with King IV™, the Chairperson of the Board may be a member of the Committee but may not be its Chair.

Invitees to the meeting include, but is not limited to, the Chief Executive Officer, the Financial Director and other members of the Board.

In terms of the Committee's mandate, at least two meetings should be held annually. Due to the impact of the COVID-19 pandemic and associated restrictions and regulations regarding gatherings, as well as the changes in membership of the Committee in November 2020, only one meeting was held. All the members of the Committee, as at the reporting date, attended the meeting.

ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities are governed by a formal Charter, as approved by the Board.

The Charter has been amended with regards to the quorum and the number of members present to reflect that the quorum for decisions of the Committee shall be the majority of the members present, as opposed to any three members present. A paragraph dealing with the provisions of the Disaster Management Act and the impact thereof on in-person meeting attendances has also been added to the Charter. The Charter is subject to an annual review by the Board. A copy of the Charter is available for inspection at Brikor's registered address.

The Committee's responsibilities, which are in respect of the Group, are to:

Remuneration and human resources-related matters

- scrutinise all employee benefit arrangements including pensions, benefits in kind and other financial arrangements to ensure these are justified, correctly valued and suitably disclosed;
- review the provisions of executive employment contracts with a particular focus on severance payments;
- ensure alignment of the remuneration and human resources strategies and policies with the Group's business strategy, needs and the desired culture;
- determine the Group's general policy on executive directors and senior management remuneration to ensure fair and responsible remuneration practices;
- review and measure annual bonuses for the executives against individual and corporate performance targets, both financial and sustainability-related, which targets must be reviewed annually to remain appropriate;

Report of the Remuneration Committee

continued

- consider and recommend for approval by the Board all elements of the remuneration of the Chief Executive Officer and executive directors;
- regularly review incentive schemes to ensure their continued contribution to shareholder value, guarding against unjustified windfalls and inappropriate gains from the operation of share-based incentives;
- determine any grants to executive directors and other senior employees made pursuant to the Group's management share option scheme;
- ensure the adequacy of retirement and health care funding for executives;
- ensure that the structures, policies and procedures facilitate good management and utilisation of human resources;
- endeavour to ensure adequate succession plans for the executive and senior management;
- ensure adequate consideration of policies for the Group in respect of HIV/Aids management, skills development and employment equity;
- review the report on the Company's Remuneration Policy and Implementation Report for inclusion in the Integrated Annual Report and submission to shareholders for two separate non-binding advisory votes;
- ensure compliance to all statutory and best practice requirements regarding labour and industrial relations management; and
- refer the matter to the Board for resolution, in the event of a split vote.

Board-related matters

- consider recommendations by management in relation to non-executive director remuneration for final recommendation by the Board to shareholders;
- manage stakeholder relations with investors and other stakeholders deemed appropriate on remuneration matters before and at the Annual General Meeting and throughout the year;
- consider the results of the evaluation of the performance of the Chief Executive Officer and other executive directors, both as directors and as executives, in determining remuneration;
- consult other directors in its evaluation of the Chairperson of the Board, the Chief Executive Officer and individual directors; and
- liaise with the Board in relation to the preparation of the Committee's report to shareholders.

General

- give due consideration to the Listings Requirements of the JSE and the principles of governance and the code of governance principles as contained in the King Report;
- retain a copy of the current Charter of the Committee at the registered office of the Company and provide shareowners with a copy of same, if requested;
- include a report in the Integrated Annual Report describing how the Committee carried out its functions; and
- consider such other topics and fulfil such other duties as defined by the Board.

Authority

The Committee acts in terms of the delegated authority of the Board as recorded in its Charter and is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent, professional advice within the scope of its Charter and to secure the attendance of outsiders with relevant experience and expertise, if deemed necessary.

Report of the Remuneration Committee

continued

The Company shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties, including the payment of a fee to Committee members as determined by the Board from time to time.

The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Committee considers the guidelines for components of remuneration, which are aligned to the Remuneration Policy.

ANNUAL GENERAL MEETING – VOTING ON REMUNERATION

In terms of the Companies Act, fees for non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payment. Additionally, resolutions to cast non-binding advisory votes in respect of the Remuneration Policy and the Implementation Report are presented to shareholders.

At the Annual General Meeting held on 6 November 2020, these resolutions were presented to shareholders and voted on as follows:

	%	Number of shares
Total number of shares in issue that could be voted at the meeting	100,00	645 242 031
Total number of shares present/represented at the meeting including proxies	75,52	487 286 275

	Votes in favour	%	Votes against	%	Shares voted	Abstentions
Special resolution number 2: Approval of retrospective non-executive directors' fees	486 755 842	99,89	522 828	0,11	487 278 670	7 605
Special resolution number 3: Approval of non-executive directors' fees	487 255 842	100,00	22 828	0	487 278 670	7 605
Special resolution number 13: Non-binding endorsement of the Remuneration Policy	291 622 035	59,87	195 490 035	40,13	487 112 070	174 205
Special resolution number 14: Non-binding endorsement of the Remuneration Implementation Report	291 622 035	59,87	195 490 035	40,13	487 112 070	174 205

As announced on SENS on 5 February 2021, a request for a meeting to be held on 18 February 2021 was disseminated on SENS to engage with the dissenting shareholders to understand their reasons for not being supportive of the ordinary resolutions pertaining to the non-binding endorsement of the Company's Remuneration Policy and Remuneration Implementation Report, listed in the table above, as recommended by the King IV™ Code on Corporate Governance ("voluntary") and stipulated by the JSE Listings Requirements ("regulatory"). Dissenting shareholders were also invited to forward their written concerns/questions on the Remuneration Policy to the Company Secretary.

Report of the Remuneration Committee

continued

Two dissenting shareholders were represented in the meeting held on 18 February 2021. In essence, the shareholders had an in-principle objection against remuneration increases, considering what they perceived as poor financial performance of the Brikor Group. A request was made that the Company considers a cap on increases until there was a financial turnaround and improved financial results.

The constructive participation and input by the dissenting shareholders would be considered by the Remuneration Committee and the Board of Directors of Brikor.

Annual General Meeting to be held on 25 August 2021

Resolutions pertaining to the Company's Remuneration Policy, summarised on pages 87 to 92, as well as the Remuneration Implementation Report outlined on pages 93 to 98, will be tabled at the Annual General Meeting to be held on 25 August 2021 and shareholders will be requested to cast separate non-binding advisory votes thereon.

PART 2: OVERVIEW OF REMUNERATION POLICY

The general objective of Brikor's Remuneration Policy is to ensure that the Group can attract, motivate, reward and retain appropriately skilled, qualified and experienced employees. Remuneration is aimed at matching individual contribution to Group performance, within the framework of market forces, while protecting shareholders' interests and the Group's financial health. Remuneration is structured to promote the achievement of strategic objectives within the organisation's risk appetite, positive outcomes and an ethical culture and responsible corporate citizenship to ensure fair and responsible remuneration practices.

The Policy is based on the following principles:

- Brikor's Remuneration Policy provides a flexible and competitive remuneration structure, which is referenced to appropriate benchmarks, reflects market practice and is tailored to the specific circumstances of the Group. The Policy aims to attract and retain high-calibre employees and to motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value creation.
- Short-term (annual) bonus entitlements may or may not be guaranteed depending on seniority levels of employees and on regulatory requirements, such as collective agreements with trade unions.
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholders' interests over the short-, medium- and long-term.
- Performance measures and targets for incentive plans are structured to operate effectively throughout the business cycle.
- The application of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.
- Remuneration is benchmarked annually against peer companies, while taking into consideration the performance of the company and individuals in determining the quantum and design.

Report of the Remuneration Committee

continued

EMPLOYEE REMUNERATION

- Remuneration of employees may be subject to regulatory requirements, such as agreements and collective agreements with trade unions. In the absence thereof, remuneration is based on individual and company performance as well as market trends and levels of responsibility applicable to the relevant employee.
- Remuneration may typically comprise elements of fixed remuneration and performance-based (at-risk) remuneration. Certain employees have an element of their remuneration at-risk. The proportion of an employee's total remuneration that is at-risk, increases with seniority and with the individual's ability to impact the performance of the company.
- An annual performance review process, driven by reporting line management involvement, assesses the degree to which each qualifying employee is satisfying the requirements of his/her role and the degree to which established performance objectives have been achieved. This process ensures fair, market-related and equitable remuneration in line with the expected outcomes of the Remuneration Policy.

EXECUTIVE REMUNERATION AND CONDITIONS OF EMPLOYMENT

The Remuneration Committee reviews executive remuneration to ensure that the remuneration of executive management is fair and reasonable in the context of overall employee remuneration in the organisation.

Performance measures, which include, but are not limited to, the individual's key performance indicators (KPIs), support positive outcomes across the economic, social and environmental context in which Brikor operates and the capitals that affect the Group.

Basic salary

The executive directors' basic salary is structured on a cost-to-company basis with a limited range of prescribed and elective fringe benefits such as retirement fund (prescribed), medical aid and travel allowance, determined by the market value of and role played by the executive.

The executive directors' basic salary shall be competitive and based on the individual executive director's responsibilities and performance, whilst being guided by market-related pay trends. The fixed salary is structured so that the senior executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed and elective fringe benefits such as travel allowance, medical aid and retirement benefits.

Short-term incentives

Performance bonus schemes are available for executive directors. Job level, business unit and individual performance determine individual awards. The aim of the bonus scheme is to reward performance in line with organisational and individual targets, objectives and achievements.

The operational targets consist of a number of KPIs covering both financial and non-financial measures of performance.

Typically, KPIs and assessment criteria include:

- meeting of pre-determined growth in revenues and other financial performance indicators;
- meeting strategic and operational objectives; and
- assessed personal effort and contribution.

Report of the Remuneration Committee

continued

The rationale for non-financial performance bonuses is to reward executive directors for strategic and sustainability-orientated achievements. However, poor performance in the non-financial variables could override the good performance in terms of financial criteria, i.e., unethical or non-compliant behaviour cannot be compensated for by good financial performance.

The short-term incentive programme may result in a pay-out per year equal to a specified maximum amount or may be uncapped, depending on requirements of the business as determined and recommended by the Committee and approved by the Board.

Long-term incentives

Long-term incentives are available to ensure the retention of skills, which is a primary long-term objective of the Group. Share-based schemes aligning the interests of the Group, its businesses and employees are intended to promote this goal, by attracting and retaining high-calibre personnel. Share incentive awards are made by the Group only where business and individual performance targets have been attained. Incentive schemes are reviewed regularly to ensure their continued contribution to shareholder value, guarding against unjustified windfalls and inappropriate gains from the operation of share-based incentives.

To align shareholders and executive directors' interests, vesting of share incentive awards are conditional on achieving performance conditions, linked to enhancing shareholder value, and require strong levels of overall corporate performance. Such performance measures and the reasons for selecting them should be fully disclosed.

Notice of termination of employment contract

The Company complies with relevant legislation in determining minimum terms and conditions for appointment of executive directors. Unless stated otherwise in the contract of employment, a notice period of six months applies.

External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the Board. If such approval is granted, directors may retain the fees payable from such appointments, unless related to companies that form part of the Brikor Group (any equity participation). In any event it may not be more than two directorships and full disclosure must be made to the Chief Executive Officer.

Policy on employment contracts

In relation to contracts with executive directors, the Remuneration Committee, subject to circumstances, will maintain the following policy:

- contracts are indefinite and cease with resignation or termination;
- the notice period for termination of employment is six calendar months' written notice. Such notice period could be waived in instances where it could be beneficial to waive such notice period;
- a restraint of trade clause could be included in specific executive management employment contracts if it is deemed necessary;
- contracts should not commit the Company to pay on termination arising from the director's failure;
- balloon payments on termination are not seen as fair remuneration policy;
- if a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter notice period. If a dismissal takes place as a result of a gross misconduct, no notice period should apply; and
- the Remuneration Committee reviews, at least annually, the terms and conditions of executive directors' service agreements, taking into account information from comparable companies, where relevant.

Report of the Remuneration Committee

continued

Interim and acting positions

Brikor may effect interim and acting appointments, when circumstances warrant such appointments. An employee who is assigned to an interim or acting position may be eligible for a temporary salary increase during this period, which temporary salary increase will be reviewed once the interim or acting period ceases.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Terms of service

While shareholders appoint non-executive directors at Annual General Meetings, interim Board appointments may be made between Annual General Meetings in terms of Brikor's Memorandum of Incorporation. Such interim appointees may not serve beyond the following Annual General Meeting, though they may make themselves available for re-election by shareholders, with such appointments being ratified by shareholders at the Annual General Meeting.

Non-executive directors serve until such time as, in accordance with the Company's Memorandum of Incorporation, they are required to retire by rotation, at which point they may seek re-election.

Non-executive directors do not have contracts of employment with the Group but are appointed by way of a formal agreement.

Fees

Non-executive directors are remunerated for their contribution to the Board and Board Committees. The annual fees payable to non-executive directors are based on a fee for membership, chairmanship and, where applicable, for assignment to sub-Committees. Aligned to King IV™, non-executive remuneration is structured to include a fixed annual remuneration and a fee per meeting, subject to meeting attendance. Service on sub-Committees of the Board may entitle members to additional payment, subject to workload and at the discretion of the Board.

Individual Board members may take on specific ad hoc tasks outside the normal duties assigned by the Board. In such cases, the Board determines a fixed fee for the work.

Expenses such as travel and accommodation in relation to Board-approved activities, as well as relevant training, are reimbursed.

Non-executive directors' fees are reviewed annually and are determined by the Board (following consultation with the Remuneration Committee) having regard to fees paid to non-executive directors of comparable companies and, where considered necessary, the Board may seek external advice on this subject. Company performance is not considered to be of special significance for the purpose of setting a base fee. The fee must be fair.

Fees payable to non-executive directors are exclusive of value added tax.

Non-executive directors do not participate in the Group's annual bonus plan, or any of its long-term incentive plans.

Non-executive directors, when requested by the Board to attend to specific tasks, shall receive additional remuneration, to be approved by the Board from time to time.

Report of the Remuneration Committee

continued

SETTING REMUNERATION AND REVIEW PROCEDURES

- Brikor and its subsidiary review remuneration packages once per annum during May, effective June.
- The Board is responsible for making decisions in respect of the remuneration of directors and, in particular, the Chief Executive Officer. It does so with the assistance and advice of the Remuneration Committee. In determining the level and make-up of the Chief Executive Officer's and senior executives' remuneration, the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given remuneration trends of other companies, from which the recommendations are made to the Board.
- Each year the Remuneration Committee will review the remuneration of senior executives and make recommendations to the Board for any changes to those remuneration packages; recommend proposed short-term incentive and/or long-term incentive performance awards after performance evaluation procedures and on the recommendation of the Chief Executive Officer.
- The Chief Executive Officer is ultimately responsible for:
 - recommendations to the Board relating to the remuneration of executive directors of all Group entities; and
 - delegating responsibility for decisions relating to remuneration of staff to line managers within the different subsidiaries or business units.
- *Ex gratia* payments and bonuses payable to executive directors are to be reviewed and recommended to the Board for review and presented to shareholders at the Annual General Meeting or a General Meeting of shareholders, for approval.
- The responsibilities of managers or supervisors in respect to remuneration for employees are:
 - ensuring that accurate role descriptions are in place, with sufficient detail on elements required to allow consistent assessment and comparison to be undertaken;
 - conducting effective assessments of employee performance; and
 - optimising the alignment with the company's remuneration practices and other employment matters.

DISCLOSURES OF INFORMATION

Unless an applicable law, regulation or JSE Listings Requirements require otherwise, all information about an individual staff member's remuneration will be confidential.

Disclosure of or discussions about remuneration with staff members, other than between the direct manager and staff member, are strictly forbidden and, where this Policy is breached, management may take corrective action.

Where remuneration has to be disclosed in terms of regulatory requirements, total remuneration reported will include appropriate values for all elements of remuneration, incorporating fixed remuneration, performance-based remuneration comprising payments made or value provided for at-risk components.

Report of the Remuneration Committee

continued

RE-ELECTION OF DIRECTORS

Non-executive directors are subject to election by shareholders at the first Annual General Meeting following their appointment and are then required to retire in accordance with the Board retirement plan.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company's Memorandum of Incorporation.

VOTING ON REMUNERATION

Non-executive directors' fees are approved by shareholders at the Annual General Meeting and, in accordance with the Companies Act, such fees must be submitted for approval by special resolution by shareholders within the two years preceding payment. Approval may not be sought retrospectively.

The Remuneration Policy and the Implementation Report are tabled every year for separate non-binding advisory votes at the Annual General Meeting. In the event that either the Remuneration Policy or the Implementation Report, or both, have been voted against by 25% or more of the voting rights exercised, the Board and the Remuneration Committee will implement, but not be limited to, the following measures:

- an engagement process to ascertain the reasons for the dissenting votes; and
- appropriately address legitimate and reasonable objections and concerns raised, which may include amending the Remuneration Policy, or clarifying or adjusting remuneration governance and/or processes.

PUBLIC ACCESS TO THE REMUNERATION POLICY

The full Remuneration Policy is available for inspection at Brikor's registered address.

Report of the Remuneration Committee

continued

PART 3: REMUNERATION IMPLEMENTATION REPORT

EXECUTIVE REMUNERATION

Details of executive directors and prescribed officers' remuneration are disclosed below:

	Basic R'000	Bonus R'000	Medical Aid R'000	Provident Fund R'000	Total R'000
2021					
Executive directors					
Garnett Parkin	2 466	–	7	107	2 580
Joaret Botha ¹	841	–	–	41	882
Subsidiary executive directors			–		
Piet Nhlapo	787	–	–	29	816
Roshan Gaorekwe	787	–	–	29	816
Prescribed officer					
Laura Craig ²	1 796	–	–	14	1 810
	6 677	–	7	220	6 904
2020					
Executive directors					
Garnett Parkin	2 434	–	7	120	2 561
Laura Craig ²	1 028	–	–	51	1 079
Subsidiary executive directors					
Piet Nhlapo	729	65	–	36	830
Roshan Gaorekwe	708	65	–	35	808
Prescribed officer					
Laura Craig ²	678	143	–	34	855
	5 577	273	7	276	6 133

¹ Appointed as Financial Director with effect from 29 June 2020

² Resigned as director on 9 October 2019; Appointed as Chief Financial Officer on 9 October 2019; Resigned as Chief Financial Officer on 31 July 2020

Report of the Remuneration Committee

continued

NON-EXECUTIVE REMUNERATION

There are no short- or long-term incentive schemes for non-executive directors. Exceptions apply only where non-executive directors previously held executive office and qualify for unvested benefits resulting from their period of employment with the Company. There are no pension benefits for non-executive directors.

At the Annual General Meeting held on 6 November 2020, shareholders approved the non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as directors, valid with effect from the date of approval for a two-year period, as follows:

	R
Brikor Board of Directors	
Chairperson of the Board – monthly retainer	22 260
Other non-executive directors – monthly retainer	11 130
Attendance fees per Board and/or Board sub-Committee meeting	
Chairperson of the Board and/or sub-Committee	8 374
Board and/or sub-Committee members	5 565

As the abovementioned resolution remains valid until 5 November 2022, no special resolution pertaining to the approval of non-executive directors' remuneration will be presented to shareholders at the Annual General Meeting to be held on 25 August 2021.

Fees for 2021

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 28 February 2021.

Non-executive directors						COMMITTEES					Statutory contributions (UIF and SDL) R	Total R
	Board member retainer fees R	Board meeting attendance fees R	Independent Board fees R	Consulting fees R		Audit and Risk R	Remuneration R	Nomination R	Social and Ethics R	Investment R		
2021												
Dries Ferreira ¹	91 608	22 260	5 565	–		33 390	–	–	5 565	16 748	–	175 136
Tanya Hendry ¹	91 608	16 695	–	–		–	–	–	8 374	11 130	–	127 807
Norman Hornby ¹	91 608	16 695	–	–		–	–	–	–	11 130	–	119 433
Mamsy Mokate	133 560	38 955	–	–		38 955	–	5 565	–	–	1 517	218 552
Kinney Moremoholo ²	28 938	11 130	–	–		5 565	–	–	–	–	456	46 089
Steve Naudé	130 221	38 955	5 565	–		58 618	–	5 565	–	11 130	–	250 054
Allan Pellow	267 120	58 618	8 374	–		38 955	–	8 374	5 565	–	2 814	389 820
AP van der Merwe ³	91 608	22 260	–	257 207		–	–	–	5 565	–	875	377 515
	926 273	225 568	19 504	257 207		175 483	–	19 504	25 069	50 138	5 662	1 704 408

¹ Resigned with effect from 6 November 2020, as shareholders did not ratify appointment at the Annual General Meeting

² Appointed with effect from 14 December 2020; passed away on 27 May 2021

³ Resigned with effect from 6 November 2020 – Mr AP van der Merwe did not offer himself for re-election by shareholders at the Annual General Meeting

⁴ Appointed with effect from 22 October 2019

⁵ Resigned with effect from 9 October 2019, as shareholders did not approve re-election at the Annual General Meeting

Report of the Remuneration Committee

continued

Non-executive directors	COMMITTEES									
	Board member retainer fees R	Board meeting attendance fees R	Consulting fees R	Audit and Risk R	Remuneration R	Nomination R	Social and Ethics R	Subsidiary Board fees R	Statutory contributions (UIF and SDL) R	Total R
2020										
Dries Ferreira ⁴	48 458	11 130	–	11 130	–	–	–	–	–	70 718
Tanya Hendry ⁴	48 458	5 565	–	–	–	–	–	–	–	54 023
Norman Hornby ⁴	48 458	5 565	–	–	–	–	–	–	–	54 023
Collen Madolo ⁵	81 848	11 130	–	5 565	5 565	5 565	16 748	504 002	1 264	631 687
Mamsy Mokate	133 560	16 695	–	27 825	16 748	–	11 130	–	2 060	208 018
Peter Moyanga ⁵	81 848	11 130	–	8 374	–	5 565	–	–	1 069	107 986
Steve Naude ⁴	48 458	11 130	–	16 748	–	–	–	–	–	76 336
Allan Pellow	267 120	33 496	–	19 504	11 130	8 374	5 565	–	3 452	348 641
AP van der Merwe	133 560	16 695	569 402	5 565	11 130	5 565	11 130	–	1 836	754 883
	891 768	122 536	569 402	94 711	44 573	25 069	44 573	504 002	9 681	2 306 315

¹ Resigned with effect from 6 November 2020, as shareholders did not ratify appointment at the Annual General Meeting held on that date

² Appointed with effect from 14 December 2020; passed away on 27 May 2021

³ Resigned with effect from 6 November 2020 – Mr AP van der Merwe did not offer himself for re-election by shareholders at the Annual General Meeting held on that date

⁴ Appointed with effect from 22 October 2019

⁵ Resigned with effect from 9 October 2019, as shareholders did not approve re-election at the Annual General Meeting held on that date

DIRECTORS AND ASSOCIATES' INTEREST IN THE ORDINARY SHARE CAPITAL OF THE COMPANY

As announced on SENS on 5 August 2020, Mr Garnett Parkin, CEO of Brikor, effected an on-market purchase of 221 600 shares at a purchase price of 9 cents per share.

At the reporting date, the directors held an aggregate direct beneficial interest of 16,66% (29 February 2020: 16,63%) in the issued share capital of the Company, being 107 513 550 shares (29 February 2020: 107 291 950 shares), at the reporting date, as follows:

Name of director	Beneficial		Total
	Direct	Indirect	
As at 28 February 2021			
Executive			
Garnett Parkin	107 513 550	17 563 067	125 076 617
	107 513 550	17 563 067	125 076 617
As at 29 February 2020			
Executive			
Garnett Parkin	107 291 950	17 563 067	124 855 017
	107 291 950	17 563 067	124 855 017

Report of the Remuneration Committee

continued

Mr Garnett Parkin does not have voting power over the indirect beneficial interest in shares. He is, however, entitled to profits on the sale of the 17 563 067 shares in the indirect holding.

The shares held by Mr Garnett Parkin are not subject to security, guarantees or any other collateral.

The staff of the designated advisor of Brikor held 3 000 000 (0,46%) (28 February 2020: 3 000 000 (0,46%)) shares directly and indirectly in the ordinary share capital of the Company at the reporting date.

Changes in shareholding subsequent to the reporting date

As announced on SENS, Mr Marius Meyer, a staff member of Brikor's designated advisor Exchange Sponsors (2008) (Pty) Ltd, effected on-market sale of shares transactions, as follows:

- 63 164 shares at 70 cents per share on 8 June 2021;
- 327 shares at 76 cents per share on 8 June 2021;
- 22 000 shares at 60 cents per share on 10 June 2021;
- 6 000 shares at 62 cents per share on 10 June 2021;
- 316 shares at 65 cents per share on 10 June 2021;
- 65 000 shares at 52 cents per share on 11 June 2021;
- 94 102 shares at 53 cents per share on 11 June 2021;
- 24 900 shares at 54 cents per share on 11 June 2021;
- 100 shares at 58 cents per share on 11 June 2021;
- 100 shares at 62 cents per share on 11 June 2021;
- 30 000 shares at 53 cents per share on 14 June 2021;
- 35 000 shares at 54 cents per share on 14 June 2021;
- 45 000 shares at 55 cents per share on 14 June 2021;
- 25 000 shares at 57 cents per share on 14 June 2021;
- 35 000 shares at 59 cents per share on 14 June 2021; and
- 10 100 shares at 60 cents per share on 14 June 2021.

The Company has not been notified of any material change in directors and prescribed officers' interests between 28 February 2021 and the date of this report.

INTEREST OF DIRECTORS IN CONTRACTS

The directors have certified that they had no material interest in any transaction of any significance with the Company or its subsidiary, other than as disclosed in the related party note, note 30 on pages 226 to 228.

Report of the Remuneration Committee

continued

ACTIVITIES AND DECISIONS TAKEN BY THE REMUNERATION COMMITTEE

Executive remuneration	
Annual salary review for executive directors	- The Committee reviewed a detailed submission of the key performance indicators ("KPIs") for the Chief Executive Officer and the Financial Director, aligned to the six capitals (financial, manufacturing, human, organisational, social and relationship and natural) and applied in a scorecard with a weighted index. - The KPIs for the financial years ended 28 February 2018 to 2020 for the CEO and the performance against those were accepted by the Committee, as the Committee historically did not have a basis to consider bonuses and incentives. - The Committee also considered the Financial Director's KPI score summary for 2020. - The Committee agreed that the Group was performing well and that the executives met and achieved on their respective set KPIs. On this basis, the Committee accepted that bonus payments needed to be made but that they required an analysis on affordability. - PwC benchmarks suggest that Brikor was remunerating its executive directors slightly below the upper quartile. It was agreed that no increases be awarded in respect of executive remuneration for the ensuing year. - The Committee agreed to recommend the 13th cheque and performance bonus payments to the Board for approval, following consideration of an affordability analysis, which the Financial Director will present to the Committee.
Executive leave	The Committee noted the benchmark on executive leave for the industry, which suggested 30 to 35 days per annum. The Committee recommended to the Board that the Brikor executive leave days be increased from 21 leave days to 25 leave days per annum.
Non-executive remuneration	
Review of the fees payable to non-executive directors	- At the Annual General Meeting held on 6 November 2020, the special resolution in respect of the fees payable to non-executive directors was passed by the required 75% shareholders. - The non-executive directors' fees were reviewed by the Board of Directors and, as no increase was proposed for executive directors' remuneration, it was agreed that no increase be proposed for non-executive directors for the ensuing year. The special resolution passed by shareholders on 6 November 2020, therefore, remains in effect until 5 November 2022.
Salaries	
Annual salary adjustments for all employees who are not bargaining-unit employees	Due to the impact of the COVID-19 pandemic, lockdown and the uncertain economic climate at the time, no increases were implemented in June 2020.

Report of the Remuneration Committee

continued

Wages	
Approval of the mandate for the 2021 wage negotiations for trade union employees	- Due to the impact of the COVID-19 pandemic, lockdown and the uncertain economic climate at the time, no increases were implemented during the 2021 reporting period. - A mandate for the 2021 wage negotiations has been given to the Chief Executive Officer.
COVID-19 payments	- During March 2020, management granted advance payments to wage employees in the amount of R1 500 per employee. Wage employees were not required to repay these advances. - On 21 May 2020, a further payment of R350 per employee was made to wage employees who were not permitted to work during the lockdown.
Remuneration Policy	
Review of the outcomes of the implementation of the Remuneration Policy against the Board's set objectives	The Committee concurred that the Remuneration Policy represented the Company's approach to remuneration, outlining key principles to attract and retain employees. Further to that, the Policy allows for the Board and management to conduct proper performance assessments against set goals and KPIs. The Committee, therefore, concluded that the current Policy incorporates the provisions for consideration on market conditions, benchmarking and best remuneration practices.
Evaluation	
Remuneration Committee evaluation	- The Committee was satisfied that the composition of the Committee remains intact. - A questionnaire on the Committee's self-evaluation has been circulated for completion and the averages shared with the Board. The evaluation process was initiated and is still in progress.
Governance	
Terms of reference	The Charter of the Committee was reviewed and changed to include a paragraph dealing with the provisions of the Disaster Management Act and the impact thereof on in-person meeting attendances. The quorum for members present at a meeting was changed from three members to the majority of the members. The amended Charter has been recommended to the Board for approval.

COMPLIANCE

The Committee has satisfied itself that the Remuneration Policy, as detailed in the 2021 Remuneration Committee Report was complied with, and there were no substantial deviations from the Policy during the reporting period.

CONCLUSION

The Report of the Remuneration Committee was approved by the Board on 22 June 2021.

For and on behalf of the Remuneration Committee



Mamsy Mokate

Chairperson of the Remuneration Committee



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with the requirements of the Companies Act, no 71 of 2008, as amended, the Social and Ethics Committee (the Committee) has to annually submit its report to shareholders at the Annual General Meeting, describing how it discharged its statutory duties, and additional duties assigned to it by the Board, during the reporting period. The Committee acts as a Committee for the Brikor group of companies. Amongst others, the Committee assists the Board in monitoring Brikor's performance as a good and responsible corporate citizen.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

During the reporting period and up until 6 November 2020, the members of the Committee were Dr Tanya Hendry (Chairperson), Mr Dries Ferreira (independent non-executive director) and Mr AP van der Merwe (non-executive director). At the Annual General Meeting held on 6 November 2020, the resolutions pertaining to the ratification of the appointments of Dr Tanya Hendry and Mr Dries Ferreira and were not passed by the requisite majority of shareholders. Mr AP van der Merwe did not offer himself for re-election as a director of the Company at the Annual General Meeting held on 6 November 2020.

As announced on SENS on 10 November 2020, the Committee was reconstituted, with its members being Ms Mamsy Mokate and Mr Steve Naudé, both of whom are independent non-executive directors. Mr Kinney Moremoholo, an independent non-executive director, was appointed as a member of the Committee on 10 March 2021. Mr Moremoholo sadly passed away on 27 May 2021. Ms Ronel Coetzee, the Human Resources Manager, is also a member of the Committee.

At the date of publication of the integrated annual report, the Committee therefore comprised Mr Steve Naudé (Chairperson), Ms Mamsy Mokate and Ms Ronel Coetzee.

Invitees to the meeting include, but is not limited to, the Chief Executive Officer, the Financial Director and other members of the Board.

In terms of the Committee's mandate, at least two meetings should be held annually.

Report of the Social and Ethics Committee

continued

The attendance at meetings is set out below:

	12 Aug 2020	10 Mar 2021
Members		
Steve Naudé (Chairperson) ¹	N/A	P
Tanya Hendry (Chairperson) ²	P	R
Mamsy Mokate ³	N/A	P
Dries Ferreira ²	P	R
AP van der Merwe ⁴	P	R
Ronel Coetzee	P	R
Invitees		
Allan Pellow (Chairperson of the Board)	P	P
Garnett Parkin (Chief Executive Officer)	P	P
Joaret Botha (Financial Director)	P	P
Taryn Golke (Compliance Officer)	P	P
Company Secretary		
Fusion Corporate Secretarial Services (Pty) Ltd	P	P

¹ Appointed as member of the Committee on 6 November 2020; Appointed as Chairperson of the Committee on 10 March 2021

² Appointment as director not ratified by shareholders at the Annual General Meeting held on 6 November 2020

³ Appointed as member of the Committee on 6 November 2020

⁴ Mr van der Merwe did not offer himself for re-election by shareholders at the Annual General Meeting and, therefore, resigned on 6 November 2020

P – Present

R – Resigned

N/A – Not appointed

ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities are governed by a formal Charter as approved by the Board. The Charter has been updated by changing the minimum number of meetings to be held annually from four to two, 50% of the meetings to be attended to be in person (as opposed to electronic means, provided that the Disaster Management Act, no 57 of 2002, allows for it) and that the quorum for meetings be changed from three members present to being the majority of members present. The Charter is subject to annual review by the Board. A copy of the Charter is available for inspection at the Company's registered office.

The role of the Committee is to perform statutory duties as contemplated in the Companies Act. In addition, and complementary to its statutory duties in terms of the Companies Act, to assist Brikor to discharge its business sustainability obligations with respect to the implementation of practices that are consistent with good corporate citizenship with particular focus on the following:

- the Brikor Group's ethics and sustainability commitments;
- Broad-Based Black Economic Empowerment (BBBEE) requirements as described in the Department of Trade and Industry's (DTI) Construction Sector Codes of Good Practice;
- Brikor's transformation commitments as described in the transformation strategy in the Charter and each business entity's specific BBBEE Plans;
- environmental commitments as described in Brikor's Environmental Policy framework; and
- Socio-economic development commitments as outlined by the Board of Brikor.

Report of the Social and Ethics Committee

continued

Authority

The Committee acts in accordance with the delegated authority of the Board as recorded in its Charter. It has the power to investigate any activity within the scope of its charter and make recommendations for approval by the Board.

The Committee, in the fulfilment of its duties, may call upon the Chairpersons of the other Board Committees, any of the executive directors, Company officers and Company Secretary or assurance providers to provide it with information, subject to a Board-approved process.

The Committee will have reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities, subject to following a Board-approved process.

The Committee may form, and delegate authority to, sub-Committees and may delegate authority to one or more designated members of the Committee.

The Committee may delegate any of its duties to any other Committee of the Group, provided that it shall remain the duty of the Social and Ethics Committee to oversee the proper fulfilment of any such delegated duty and to receive and consider reports on how such duties are being fulfilled.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a Board-approved process being followed.

The Committee has the right to consider and make decisions on the need to investigate any activity within its scope of responsibilities.

SOCIAL AND ETHICS ACTIVITIES

SOCIAL	
Succession planning	Succession planning and diversity remain Board agenda items and receive continuous attention as a work in progress.
Human rights survey	Due to the COVID-19 pandemic and protocols combined with the difficulties associated with social distancing and regulations, the Company did not conduct the annual human rights surveys. The surveys will be conducted during September/October 2021.
Sexual harassment	Brikor's induction programme includes information on sexual harassment. No matters of sexual harassment have been reported during the reporting period.
Consumer relationships	As the Group has expanded its communications with consumers to various digital channels, a decision was taken that a Social Media Policy needs to be introduced, which Policy has been approved by the Committee and recommended to the Board for adoption.
Trade unions	Brikor has not experienced any labour-related strikes over the past twelve years. In support of the Group's good relations with the trade unions, there is ongoing engagement between management and the trade unions.

Report of the Social and Ethics Committee

continued

ETHICS

Whistle-blowing

The whistle-blowing monthly reports, which are compiled by independent fraud hotline service providers, are evaluated by the Social and Ethics Committee and the findings submitted to the Audit and Risk Committee for ratification. Recommendations on appropriate action to be taken are submitted to the Board of Directors. All incidents are addressed appropriately and resolved. The Board is not aware of any incidents that were reported during the reporting period.

- All administrative staff members and the Executive Committee, including the Chief Executive Officer and Financial Director, received training in respect of the whistleblowing hotline, highlighting the anonymity of the facility.
- Going forward, the Company will, on an annual basis, provide training on the whistleblowing services to ensure that all employees are familiar with it.

SUSTAINABILITY

Safety and health

It was confirmed to the Social and Ethics Committee by the Occupational Hygienist that dust was being measured correctly at the plants and that valid calibration certificates for all instruments were on file. Quarterly occupational hygiene reports were submitted to the Department of Mineral Resources and Energy during the reporting period.

Environment

Continuous and more effective rehabilitation methodologies are being implemented to lower the financial impact of liability and satisfy the duty of care responsibilities.

Safety, Health and Environment report

The findings of the Department of Labour or Department of Mineral Resources inspection reports were recorded monthly in the SHE report, together with detailed descriptions of the incident or inspection report, and were presented to the Social and Ethics Committee.

TRANSFORMATION

Broad-Based Black Economic Empowerment (BBBEE)

Activities undertaken during the reporting period, in respect of the scorecard elements (as measured in terms of the Construction Sector Codes) include:

Management control

A concerted effort was made by management to promote staff from within the organisation at various levels of management, with some wage staff becoming salaried employees. Across all management levels, employment of black males and black females increased by 8,96% (2020: 19,02%), and employment of white males and white females decreased by 3,03% (2020: decreased by 15,48%), during the reporting period.

Skills development

29 disabled learners participated in the learnership initiative doing FETC: Project Management NQF4. The learnerships commenced in December 2020 and continue for 12 months. Due to delays caused by the various COVID-19 protocols implemented, learnerships are still in progress.

Report of the Social and Ethics Committee

continued

TRANSFORMATION (continued)

Broad-Based Black Economic Empowerment (BBBEE) (continued)

Skills development

29 disabled learners participated in the learnership initiative doing FETC: Project Management NQF4. The learnerships commenced in December 2020 and continue for 12 months. Due to delays caused by the various COVID-19 protocols implemented, learnerships are still in progress.

Procurement and supplier development

Improvement is being made in terms of preferential procurement as Brikor has communicated with suppliers the importance of complying with the requirements. New suppliers are, as far as possible, compliant with the requirements.

Supplier development programmes and contributions are ongoing and, during the prior financial year, Brikor made a commitment to seek to include more suppliers in these programmes in order to develop more small businesses, with particular focus on more black-woman-owned businesses. During the reporting period, supplier development initiatives included CSA Construction (a 100% black-woman-owned company), Ditiropele Development and Maintenance Services (a 100% black-woman-owned company) and AIF Business Development.

A supplier development agreement was entered into with AIF Business Development in terms whereof AIF will provide support and development in the following ways to suppliers of Brikor's choice:

- Coaching and mentorship;
- Business support services; and
- Training or procurement.

Socio-economic development

The Kwanele Primary School library project, which ran over five years, has been completed, with a spend of R1,4 million during the previous reporting period. Brikor is awaiting approval from the Department of Mineral Resources and Energy on the new local economic development project, being the building of two classrooms at a primary school in Dunnottar.

Development of communities was further supported through various sponsorships.

STATUTORY

10 Principles of the United Nations Global Compact

The principles, as applicable, have been addressed in the Sustainability Report on pages 106 to 127.

ENTERPRISE RISK MANAGEMENT

Enterprise risk management framework

The enterprise risk management framework has been reviewed and updates made to the risk register, which updated register was presented to the Audit and Risk Committee.

Report of the Social and Ethics Committee

continued

GOVERNANCE

Codes and Policies

The following Codes and Policies have, on recommendation of the Committee, been approved by the Board during the reporting period:

- Social Media Policy;
- Stakeholder Engagement Policy;
- Updated Board Diversity Policy (Board diversity is discussed on page 57 of the Corporate Governance report);
- Fraud Prevention Policy (aligned to the Prevention and Combating of Corrupt Activities Act, no 12 of 2004, and the Prevention of Organised Crime Act, no 121 of 1998; and
- Protection of Personal Information Policy, developed in compliance with the Protection of Personal Information Act ("POPI") and the POPI Regulations, which were published on 14 December 2018.

Review of implementation of policies

- All internal policies are drafted by the relevant departments within the Group and, once approved, are made available to all employees on Master Docs.

COMPLIANCE

In terms of paragraph 7.F.5 of the JSE Listings Requirements, the Social and Ethics Committee confirms that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there are no instances of material non-compliance to disclose.

FOCUS AREAS FOR F2022

The Committee will review the implementation of policies and feedback on social and ethics responsibilities, including but not limited to:

- the development of a POPI Manual;
- the appointment of an Information Officer, as required by the Regulations of POPI; and
- ongoing evaluation of Brikor's standing in terms of the goals and purposes of its statutory social and ethics duties in terms of the Companies Act's requirements and regulations.

CONCLUSION

In terms of the Companies Act, the Social and Ethics Committee is required to report through one of its members to the Company's shareholders on the matters within its mandate at the Company's Annual General Meeting to be held on 25 August 2021. In the notice of Annual General Meeting, shareholders are referred to this Report by the Committee. Specific questions to the Committee may be sent to the Company Secretary prior to the meeting.

The Social and Ethics Report was approved by the Board on 22 June 2021.



Steve Naudé

Chairperson of the Social and Ethics Committee

"Sustainability is no longer about doing less harm. It's about doing more good."

Jochen Zeitz

SUSTAINABILITY

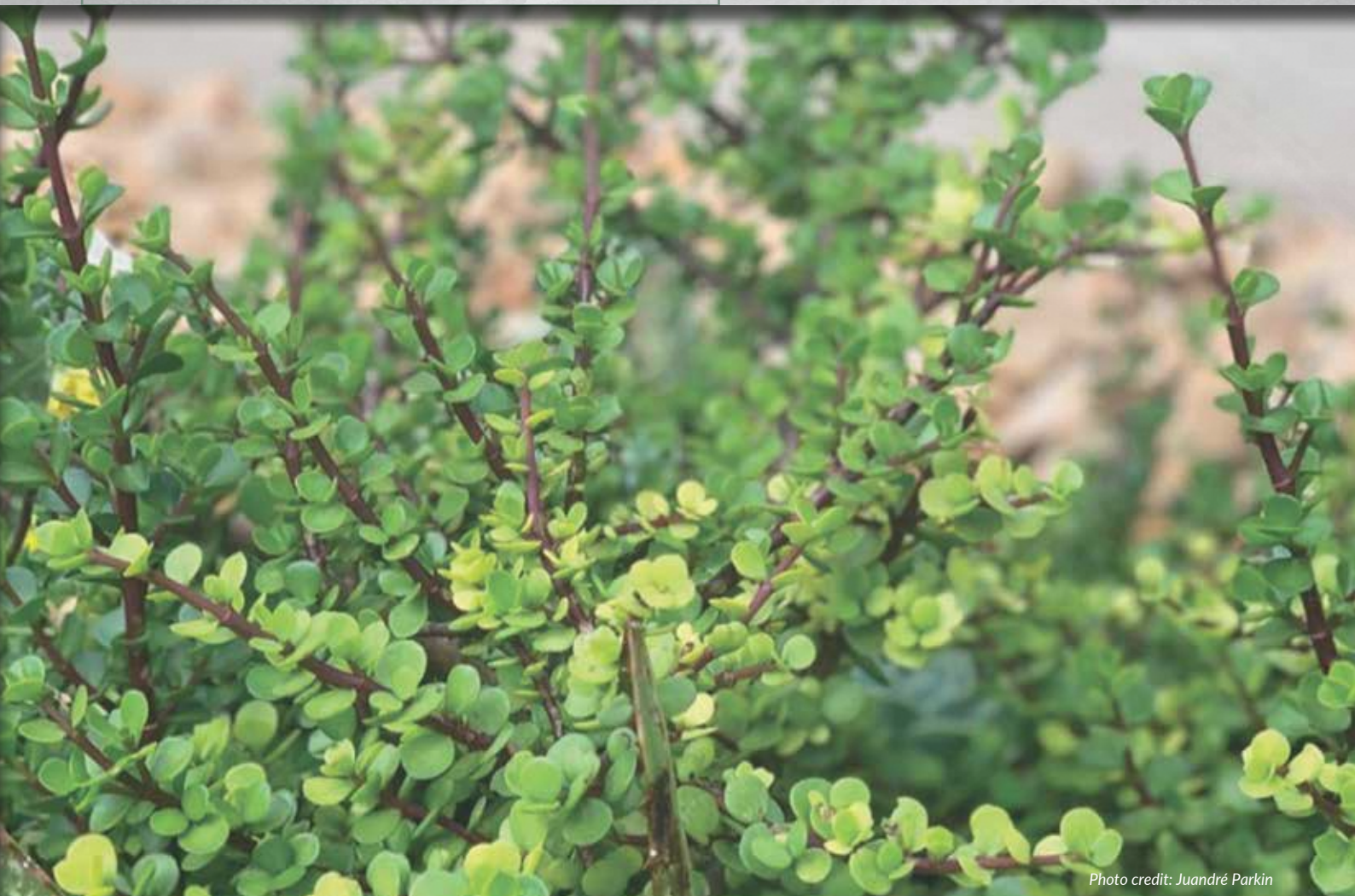


Photo credit: Juandr  Parkin



SUSTAINABILITY REPORT

The Board acknowledges that in addition to being responsible for corporate performance, it holds a responsibility for triple bottom line reporting. The Group's corporate culture is one of absolute undeniable integrity, transparency, competency and efficiency in decision-making and the fair and equitable treatment of its human and natural capital. From a moral point of view, the directors of the Group are expected to apply sound and reasonable judgement which can only be achieved through nurturing the social capital element, mutual respect for cultural, social or other differences and to foster transparent communication which detracts from subjective viewpoints.

The directors understand that transparency not only relates to a principle of freely, and without prejudice or subjective interests, disclosing information to stakeholders, but also to acknowledge the individual shortcomings which could jeopardise stakeholders. This report, once again, emphasises the Group's commitment to integrity and the benefit of the greater good of all the stakeholders.

The sustainability report has been prepared in alignment to the six capitals (financial, manufactured, intellectual, human, social and relationship, natural), the Global Reporting Standards and incorporating disclosure on the United Nations Global Compact's ten principles, as set out below and indicated throughout this report.

UNITED NATIONS GLOBAL COMPACT'S TEN PRINCIPLES

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anticorruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights;
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work;
- The Rio Declaration on Environment and Development; and
- The United Nations Convention against Corruption.

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human rights

Businesses should:

Principle 1: support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Businesses should ensure:

Principle 3: the upholding of the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Businesses should:

Principle 7: support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Businesses should:

Principle 10: work against corruption in all its forms, including extortion and bribery

Sustainability report

continued

DATA COLLATION

Sustainability performance information was gathered, and data collated for publication in the Integrated Annual Report and on Brikor's website. Every effort has been made to ensure data accuracy and completeness. There is, however, the possibility of small inconsistencies due to human error in recording and collating, and differences in interpretation of definitions.

Data has mainly been collated for Brikor and its subsidiary, Ilangabi, for the economic, environmental and social indicators for the period 1 March 2020 to 28 February 2021, and sustainability data collation coincides with Brikor's financial reporting cycle.

Financial data has been extracted from the consolidated annual financial statements. Intergroup transactions have been eliminated.

The basis for reporting on the financial elements is in accordance with the Group's accounting policies, which are disclosed in the financial statements.

Data is only reported where considered to be of sufficient accuracy and are reported according to the Global Reporting Initiative's guidelines.

Ongoing efforts are being made to improve the data quality and to broaden the content in the range of material topics.

ECONOMIC

During the reporting period, Brikor generated revenue of R257,9 million (F2020: R292,7million), all of which was generated in South Africa.

Operating profit before interest amounted to R21,0 million (F2020: R8,5 million) with an operating margin of 8,1% (F2020: 2,9%). Profit before tax was R16,3 million (F2020: R3,8 million) with a total tax expense of R4,3 million (F2020: R2,2 million). An attributable profit of R12,0 million (F2020: R1,5 million) was generated for the reporting period.

Total fees paid to auditors of R1,4 million (F2020: R1,8 million) did not include any non-audit fees as non-audit services were not rendered by the auditors in either the current or the prior reporting period.

During 2021, operating lease commitments amounted to R36,9 million (F2020: R30,1 million).

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Value added statement

Value added is the measure of wealth created by the Group in its operations by adding value to the cost of raw materials, products and services purchased. The statement below summarises the total wealth created and shows how it was shared by employees and the stakeholders that contributed to its creation.

Also set out below is the amount retained and reinvested in the Group for the replacement of assets and the further development of operations.

Sustainability report

continued

Value added statement

	2021 R'000	2020 R'000
Revenue	257 914	292 682
<i>Less: Cost of goods and services</i>	(192 934)	(230 151)
Value added from trading operations	64 980	62 531
<i>Add: Interest received on investments</i>	889	860
Total value added	65 869	63 391
<i>Utilised as follows:</i>		
Employees		
Salaries and benefits	80 975	101 979
Providers of capital		
Interest on borrowings and shareholders' loans	1 046	1 273
Government – Company tax	1 506	5 661
– Current	1 506	5 661
	83 527	108 913
Retained for reinvestment		
Depreciation and amortisation	7 743	8 441
Income utilised in the business	(25 401)	(53 963)
	(17 658)	(45 522)
Total utilisation of value added	65 869	63 391

Exchanges with government, including amounts collected on their behalf

Further to this and in the furtherance of the economy and national development, the table below indicates exchanges between the Group and government, including amounts collected on their behalf:

	2021 R'000	2020 R'000
Employee taxes	9 488	12 184
Company taxes	(342)	5 486
Value added tax	19 852	25 816
Royalty tax	865	3 168

PROCUREMENT PRACTICES

Brikor respects the significant role that suppliers play in the organisation and acknowledges the fair treatment of suppliers, ensuring that all payments for goods and services are timorous and in accordance with agreed terms.

The Group gives preference to historically disadvantaged suppliers, where economically viable. The BBBEE guidelines outline the following regarding procurement:

- 70% of total goods procurement spend on South African manufactured goods, divided as follows:
 - 21% from historically disadvantaged persons-owned company;
 - 5% from women and youth (18-35 years)-owned company; and
 - 44% from BBBEE compliant company (Level 4 and 26% ownership);

Sustainability report

continued

- 80% of total spend on services must be from South African companies, divided as follows:
 - 50% from historically disadvantaged persons-owned company;
 - 15% from women-owned company;
 - 5% from youth (18-35 years)-owned company; and
 - 10% from BBBEE compliant company (Level 4 and 26% ownership).

Supplier development

Target spend on supplier development is 3% of net profit after tax. The aim of the Group is to assist historically disadvantaged business owners in their development into self-sustained enterprises which could ultimately create more jobs for other historically disadvantaged individuals.

No specific target has been set in the new Mining Charter.

10% of the total procurement budget on services can be offset against supplier development. 30% of the total procurement budget on mining goods can be offset against supplier development.

The Mining Charter states the following:

- A contract must be in place between the right holder and the supplier;
- The minimum period of the contract should be five years;
- Investment in supplier development cannot be claimed as expenditure towards supplier development; and
- Procuring from a B-BBEE company with less than R50 million turnover a year will assist enterprise development in the mining industry.

ANTI-CORRUPTION

UNGC – Principle 10: Work against corruption in all its forms, including extortion and bribery.

Experience and integrity guide the Board to confidently acknowledge that, despite lucrative and/or tangible benefits, there is never a requirement or justification to accept a dealing or transaction where bribery or corruption is evident. Successful business is not only derived from the successful outcome of large decisions, but also from the ongoing successful small decisions which are made. The small decisions result in a snowball effect, the one good decision impacting positively on the next. Similarly, the inverse is true. An ongoing succession of poor decisions made, result in ongoing, often untruthful, results which snowball into and impact worse on successive decisions. This principle carries forward into each aspect of the business and is particularly pertinent to decisions surrounding corrupt dealings.

The Board of Directors asserts, once again, their stance against partaking in any dealings of a corrupt nature or where undue payments are implied or required and further emphasises their commitment to absolute transparency.

Brikor is implacably opposed to bribery and corruption and has implemented anti-corruption policies.

Employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. It has implemented a system to encourage employees to report all incidences or suspicion of fraud, theft, corruption and similar unethical behaviour through a confidential and secure whistle-blowing line. The Group complies with all the requirements of the Anti-Fraud and Corruption Act and the Protected Disclosures Act.

Sustainability report

continued

The objectives of the Group's Fraud Prevention Policy are to ensure that fraud is addressed both pro-actively and reactively in a structured manner and the Policy is founded on the following fundamental fraud prevention principles:

- promoting a set of values, complemented by sound ethical behaviour and a supporting code of ethics;
- pro-active identification of fraud risks through structured fraud risk assessment;
- prevention strategies to limit the risk of fraud;
- strategies for early detection of fraud;
- investigation approaches when incidents of fraud do occur;
- comprehensive resolution and remediation after investigations; and
- programmes to create awareness of the Policy.

A whistle-blowing mechanism is in place for the reporting of suspected irregularities and unethical behaviour. There is a strong focus on staff awareness of this facility through regular interventions. A copy of the Code of Business Ethics and Conduct is available on the Company's website.

All reports related to Brikor's anonymous, toll-free hotline are submitted to the Social and Ethics Committee who ensures that all incidents are logged, investigated, actioned (if necessary) and resolved. The cycle time for answering callers' questions or closing an investigation on a case is recorded and feedback is provided continuously and within a short timeframe. No material cases were reported during the reporting period.

Communication on anti-corruption policies and procedures is incorporated in the policy pack which is available at all Group businesses. Training in respect of these matters are included in the Brikor and Ilangabi induction programmes. No material incidents of corruption occurred during the reporting period.

ANTI-COMPETITIVE BEHAVIOUR

The Group supports and encourages free external and internal competition in all businesses.

No legal action was brought against Brikor or its subsidiaries for anti-competitive behaviour, anti-trust and monopoly practices.

ENVIRONMENT

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEMS

Authorised inspection authorities conduct regular annual environmental audits in the Group's manufacturing and mining businesses through a formal process to ensure that any impact on the environment by any of the companies within the Brikor Group is minimised. The Group constantly assesses its operations in relation to the National Road Traffic Act, 93 of 1996, and its amendments, and the National Environmental Management Act 1998, to ensure:

- adherence to environmental, health and safety legislative requirements applicable to operations, processes and activities;
- compliance with environmental impact assessments;
- appropriate storage of dangerous goods on each site; and
- valid authorisation and/or permits are in place.

Sustainability report

continued

Continuous and more effective rehabilitation methodologies are being implemented by management to lower the financial impact of liability and satisfy the duty of care responsibilities.

The salient points of the Environmental Policy require each operation in the Brikor Group to commit to:

- complying with all statutory requirements, codes of practice, standards, as well as Company rules and regulations;
- the continuous application of an integrated, preventative environmental strategy to the processes and services, to increase the overall efficiency and reduce risks to humans and the environment;
- understanding, addressing and minimising impacts to the environment from Brikor's operations;
- focusing on the continual improvements of the Group's environmental performance;
- applying best available technology in all new projects;
- incorporating environmental targets and public expectation into management performance targets, business strategies and plans;
- the development, implementation and maintenance of environmental programmes and procedures; and
- providing effective leadership, ensuring that all managers, employees and contractors are aware of these commitments and are educated, trained and motivated to their specific responsibilities.

Through its corporate citizenship programmes, Brikor commits to focusing on sustainability aspects through conservation of the environment and resources.

CARBON FOOTPRINT

UNGC – Principle 8: Undertake initiatives to promote greater environmental responsibility.

The Group and its subsidiaries apply energy and resource-saving production processes and technology, which reduce the need to negatively impact on the environment as far as economically possible. The Board is committed to consistently improve production and business processes in order to reduce costs but also, more importantly, to reduce its carbon footprint. Brikor collates all production data, ranging from raw materials to the number of litres of diesel used, annually and submit the same to an external environmental specialist company. The table below portrays year-on-year consumption.

During the reporting period, the Group contracted JBenviroservices CC to conduct a carbon tax report for Brikor.

The GHG report was compiled in accordance with the Carbon Tax Act, Act no 15 of 2019: Carbon Tax Act 2019. In terms of the Act, brick manufacturers have a threshold of 4 million bricks per month and, should this threshold be exceeded, the Company will be liable to pay tax on their carbon emissions. As far as mining is concerned, there is no threshold when it comes to mining coal.

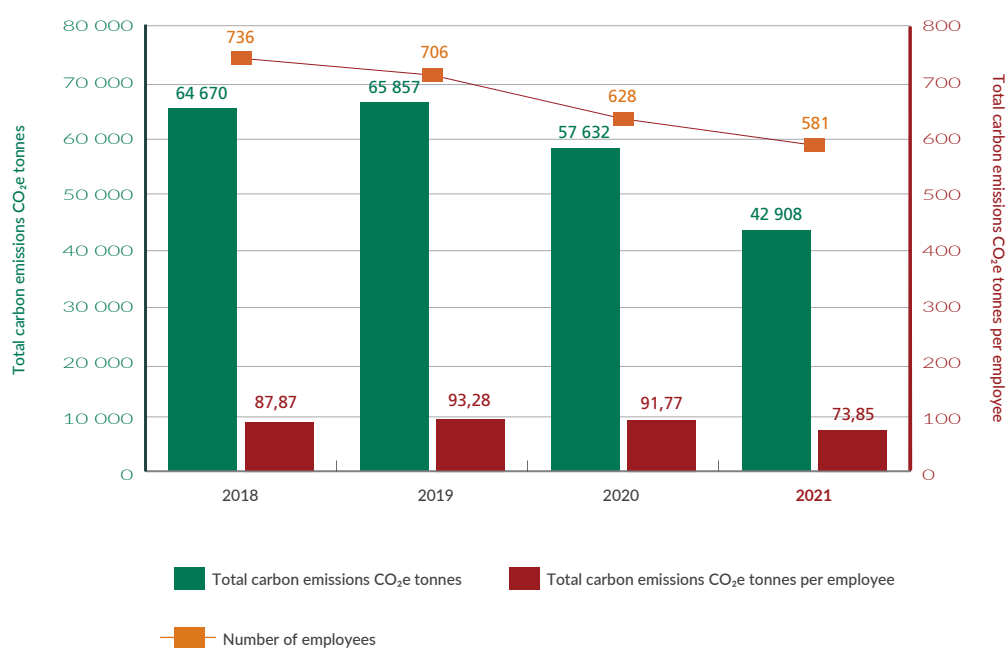
As both Plant 1 and Plant 3 produce bricks in excess of the set threshold, Brikor will be liable to pay carbon tax (refer to note 16 of the annual financial statements).

Sustainability report

continued

	GROUP					
	Consumption	Gigajoules	CO ₂ equivalent tonnes produced	Consumption	Gigajoules	CO ₂ equivalent tonnes produced
	1 March 2020 to 28 February 2021			1 March 2019 to 29 February 2020		
CARBON FOOTPRINT						
Total energy consumption by primary energy source – energy carrier						
– Electricity (kWh)	5 480 380	17 729	705	7 386 155	26 590	951
– Diesel consumer (litres)	1 951 958	74 955	5 309	2 355 928	90 468	6 408
– Diesel on-sold (litres)	24 271	932	66	85 000	3 264	231
– Coal	18 381	397 000	36 761	24 986	539 000	49 972
Core energy consumption (gigajoules)	7 474 990	490 617	42 842	9 852 069	659 322	57 562
– Petrol (litres)	27 234	953	66	28 851	1 010	70
Total energy consumption (gigajoules)	7 502 224	491 570	42 908	9 880 920	660 332	57 632
Total carbon emissions (CO ₂ e tonnes)			42 908			57 632
Number of employees			581			628
Total carbon emissions per employee (CO ₂ e tonnes)			73,85			91,77

Carbon footprint



Sustainability report

continued

EMISSIONS

Brikor annually collates all production data from raw materials to litres of fuel to Eskom power for all plants and the mine. The emissions licence forms are completed with this information and submitted to the environmental experts, JBenviroservices CC, who submits the application on Brikor's behalf to the Ekurhuleni Metropolitan Municipality's Environmental Department.

Brikor is committed to reducing emissions, where possible, but as a labour- and machinery-intensive operation, a significant reduction in emissions would be challenging. Increasing efficiencies in the re-handling of materials, would assist in reducing fuel usage and thereby emissions.

Brikor applies annually for air emissions licences.

JBenviroservices CC prepares annual GHG emissions reports for Brikor.

WASTE

In terms of Section 16 of the National Environment Management: Waste Act 59 of 2008, Brikor, at a minimum, will take all reasonable measures to:

- avoid the generation of waste and, where such generation cannot be avoided, to minimise the toxicity and amounts of waste that are generated;
- reduce, reuse and recover waste;
- where waste must be disposed of, ensure that the waste is treated and disposed of in an environmentally sound manner;
- manage the waste in such a manner that it does not endanger health or the environment or cause a nuisance through noise, odour or visual impacts;
- prevent any employee or any person under his or her supervision from contravening this Act; and
- prevent the waste from being used for an unauthorised purpose.

The Brikor Group disposes of its waste in a responsible manner. Domestic waste is disposed of at the Nigel landfill. External specialist companies are contracted to attend to the disposal of waste in a categorised manner.

Where waste disposal has been contracted out, receipts are retained as well as supplied to the Department of Mineral Resources and Energy annually.

REHABILITATION

UNGC – Principle 7: Support a precautionary approach to environmental challenges.

The Group is committed to performing ongoing rehabilitation as sections of the mining areas are fully mined to ensure a consistent rehabilitation process and flow of funds committed to the rehabilitation. This ensures that funding and cash flow are always available for the rehabilitation responsibility accepted by the Group, whilst economic benefits still flow from the region. Rehabilitation costs have been fully provided for to the extent that they can be reliably quantified, and timing can be reliably estimated. (Refer to note 28, Contingencies, in the annual financial statements for further disclosure).

Continuous and more effective rehabilitation methodologies are being implemented by management to lower the financial impact of liability and satisfy the duty of care responsibilities.

The table below indicates the surface area extent of each of the owned properties of the Group and non-owned properties for which only surface rights are payable, by category of usage together with its respective rehabilitation provision.

Sustainability report

continued

F2021

Land distribution	Owned facilities				Total owned facilities	Not owned, surface rights paid only	Property sold, awaiting Section 11 from the DMR	
	Ptn 7, Farm Draaikraal No.166 (Plant 1)	Ptn 35, Erf 127 Vorsters-kroon Ext.3	Ptn 27, Varkens-fontein, no.169	Ptn 70, Farm Varkens-fontein no.169 (Plant 3)		Farm Vlakfontein 281IR (Ilangabi mine)	Ptn 31, Farm Witfontein no.510	Ptn 87 (a portion of Ptn 24), Farm Donkerhoek no.365JR AND Ptn 114, 115 and 116 (a portion of Ptn 5), Farm Donkerhoek no.365JR
	m ²	m ²	m ²	m ²	m ²	m ²	m ²	m ²
Administrative offices	697	120	–	440	1 275	43	–	189
Manufacturing	9 887	–	–	6 891	16 778	3 690	–	–
Yard	239 482	313	–	141 702	381 497	–	–	–
Warehouses/Workshop	2 208	360	–	657	3 225	–	–	1 056
Mining/Quarry inactive	46 779	–	259 697	168 871	475 347	–	–	–
Mining/Quarry active	176 038	–	–	–	176 038	469 124	–	130 000
Undeveloped land	1 355 415	1 007	929 490	73 886	2 359 798	379 271	214 145	747 375
Residential	517	–	–	51 928	52 445	–	–	–
Total square meterage	1 831 023	1 800	1 189 187	444 375	3 466 403	852 128	214 145	878 620
Mining potential	1 614 927	–	–	–	1 614 927	443 440	150 000	–
Rehabilitation provision allocated (R)	12 755 223	–	456 215	19 210 592	32 422 030	19 345 731	2 260 845	–

MATERIALS

Materials data safety sheets specifications govern the purchase of all materials and the operational practices applied in utilising them. Environmentally safe purchases and practices are enforced through extensive audits and training. Where relevant, materials are recycled in the manufacturing process.

WATER AND EFFLUENTS

Water

Management is cognisant of the water availability in Africa being under stress due to increasing population pressure and climate change. The most significant impacts of climate change on water resources are the potential changes in the intensity and seasonality of rainfall. While some regions may receive more surface water flow, future problems are likely to include water scarcity, increased demand for water and water quality deterioration.

The overall impact of climate change on water resources remains uncertain and will vary significantly from place to place within South Africa. This complicates the planning and adaptation responses required to ensure sufficient future water supplies.

Brikor uses water in its manufacturing processes with no wastage of water as all water in process is used up in the brick manufacturing process, resulting in optimal water recycling.

Sustainability report

continued

Effluents

Environmental impact studies are conducted to ensure that any pollution of natural resources through manufacturing and mining operations is limited. Where appropriate, environmental management organisations are appointed. Manufacturing entities operate water treatment plants and implement effluent clean-up practices to prevent unacceptable levels of contamination of water returned to catchment areas. Water pollution and waste discharge are managed through:

- avoiding the visible pollution of storm water drains;
- discharges to the local sewer system with correct, updated local authority approvals in place;
- adequate equipment management to eliminate water wastage; and
- correct storage and handling of waste and chemicals to reduce potential water pollution risks.

Formal storm water control and waste management procedures are compiled by the Group to ensure that all solids are removed from the storm water system prior to leaving the site.

BIODIVERSITY

Brikor's mine and brick plants are in close proximity to the Blesbokspruit River and Marievale Bird Sanctuary, which is a Ramsar protected site. Brikor undertakes monthly dust monitoring and quarterly water quality monitoring, as well as annual air emissions licence applications to be able to determine if its operations have any detrimental effect on the neighbouring protected areas. Brikor's coal is very low in Sulphur, thus bringing down the detrimental effect it has significantly.

All Brikor's sites have 2m+ berms around them, keeping all materials and water inside the property boundary and not affecting the neighbouring areas. The Group has watercarts that do dust suppression daily at all three sites. Environmental policies are in place to combat and mitigate the Group's production footprint on the adjacent and close-lying protected areas.

As legislated, no mining rights are granted without environmental impact assessments being done and the Group has approved environmental management plans for all its sites.

ENVIRONMENTAL INITIATIVES

UNGC – Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Brikor recycles brick waste into the manufacturing process, resulting in a zero-waste rate in respect of the manufacturing of bricks.

In the future, initiatives to offset the Group's carbon emissions will be explored, as the Group's grace period in respect of a carbon tax discount will only run until 2022.

ENVIRONMENTAL COMPLIANCE

All environmental protection expenditure and investments as well as environmental liabilities and their financial provisions are updated annually. The costing and modelling thereof are outsourced to industry specialists, following an in-house model, based on the industry specialist's model.

Brikor does not currently perform an environmental assessment on its suppliers.

There were no material, monetary or other, penalties brought against the Group or its subsidiaries for non-compliance with environmental laws and regulations during the reporting period.

Sustainability report

continued

SOCIAL

EMPLOYMENT

UNGC - Principle 6: The elimination of discrimination in respect of employment and occupation.

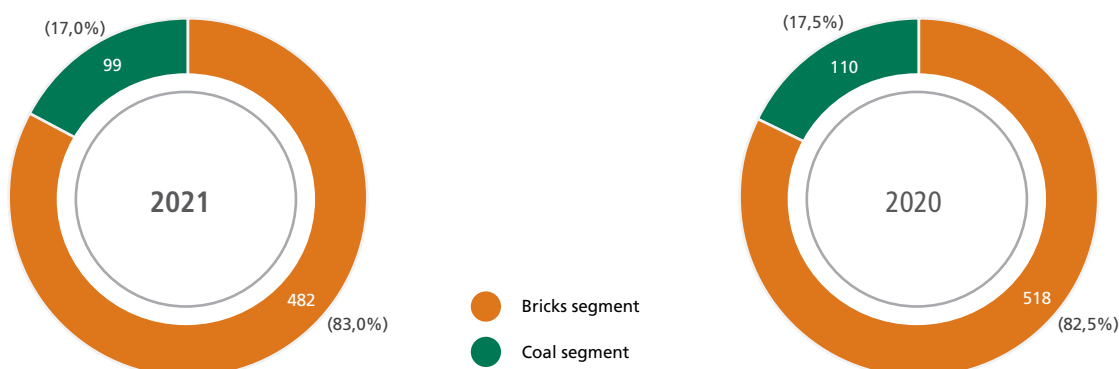
Brikor's employment brand is built on a combination of its culture, its leadership, its products and its reputation.

Brikor's vision of transformation is translated into strategies and specific targets and plans which are monitored and governed by the Board. Transformation plans and targets are reflected in the leadership and other relevant employees' performance goals.

The Group has a Gender Equality Policy and Board Diversity policy in place.

The Group employs 581 (F2020: 628) people, of whom 10 (F2020: 13) are disabled, and the segmental breakdown of employees as well as the employment by gender, race and age group are graphically depicted below:

Employees by segment



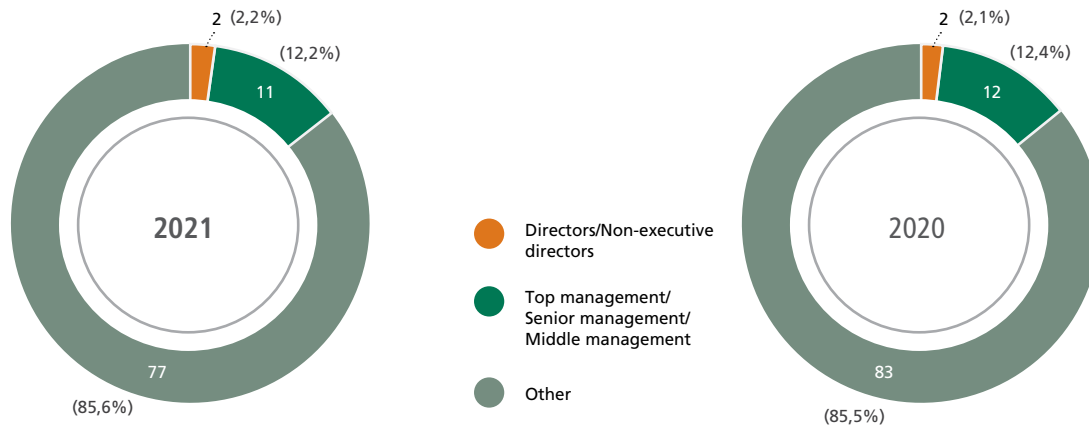
Gender diversity



Sustainability report

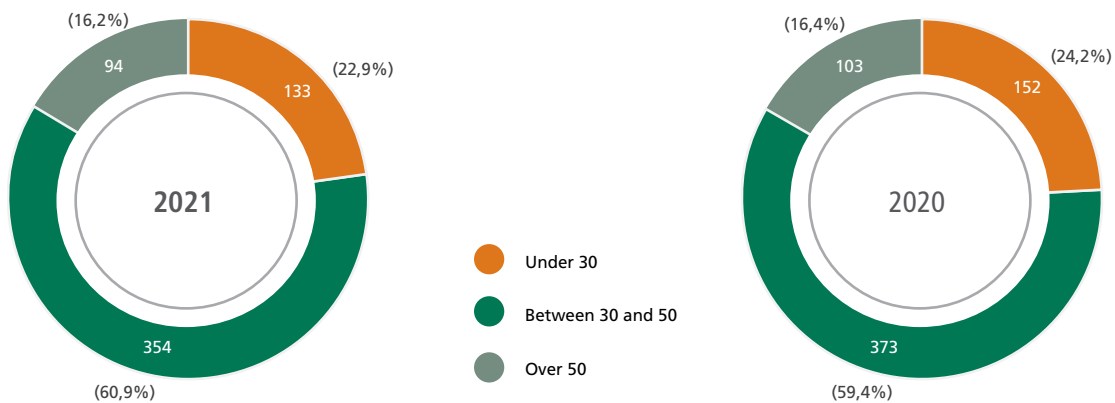
continued

Female employment

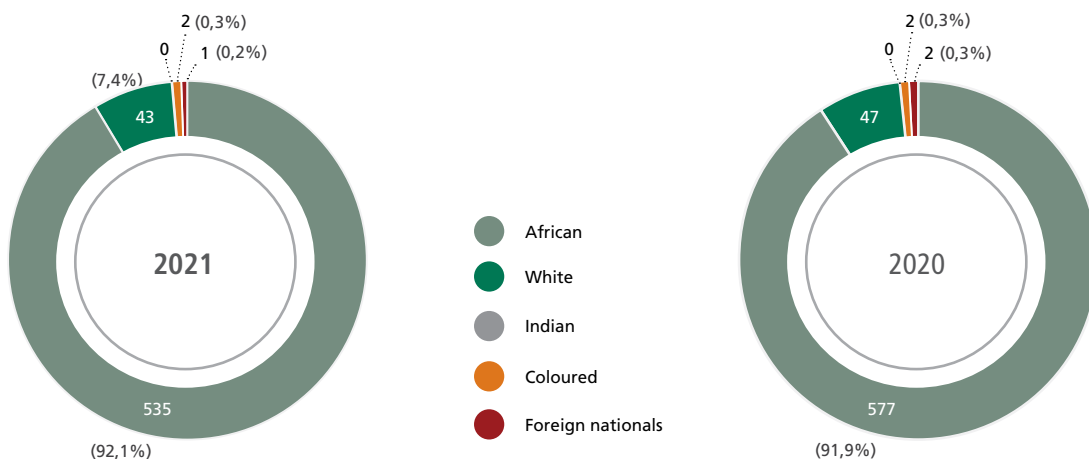


Age group

The spread of employment by age group shows that 22,89% young employees, under the age of 30, are in a developmental phase, with 60,93% of employees between the ages of 30 and 50 on a career path where succession training and planning occurs, and 16,18% of employees over 50 with the experience and expertise to impart on the younger generations.



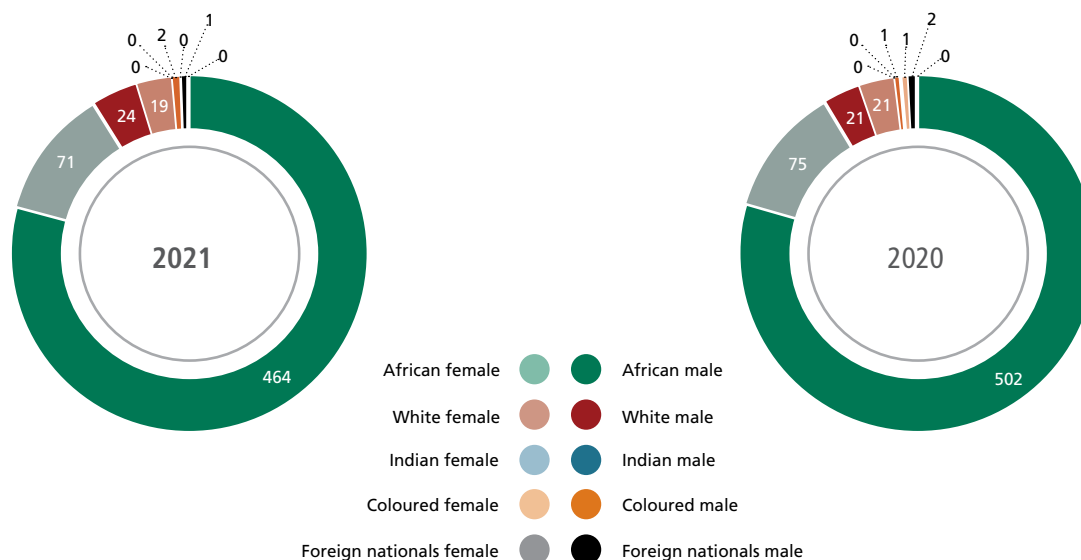
Race diversity



Sustainability report

continued

Race and gender diversity



The percentage of employees who are deemed historically disadvantaged South Africans is 92,60% (F2020: 93,31%).

The staff turnover rate for the reporting period was 8,63% (F2020: 17,82%). The turnover rate is mainly attributable to the labour changes that occurred in Plant 1 sorting department.

The total number of person days lost due to absenteeism was 711 days (F2020: 1 424 days).

LABOUR/MANAGEMENT RELATIONS

UNGC - Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining.

The number of unionised employees is listed below and constitutes 56,23% (F2020: 56,23%) of the Group's workforce.

	Bricks	Coal	Total
Unionised members	283	45	328
BCAWU	180	45	225
HOCAFAWU	103	0	103
Non-unionised members	199	54	253
Total staff complement	482	99	581

BCAWU – Building Construction and Allied Workers Union

HOCAFAWU – Catering Hospitality and Farm Workers Union

Sustainability report

continued

OCCUPATIONAL HEALTH AND SAFETY

The Group has a zero-harm vision for its people, the environment in which it operates, and all other stakeholders.

The Group's occupational health and safety (OHS) management system encompasses more than just its health and safety programme. It includes health and safety policies, systems, standards and records, and involves incorporating the OHS program into other business processes.

The Group assigns high priority to employee health and safety through the application of best practice-based safety, health and the environment (SHE) procedures, which are continuously reviewed and updated, where required.

External health and safety professionals have been appointed to assess, evaluate and report on areas deemed to be of high risk by the Board. The competent health and safety team also assesses and reports on other risk areas not identified by the Board, which need to be added and prioritised into the SHE policy and procedures.

Monthly meetings are held by the established Safety, Health and Environmental Committee. SHE statistics, incident investigation outcomes, risk assessments and safe working procedures, amongst other matters, are discussed and reviewed during the Group's Management SHE meetings held at least quarterly.

	F2021	F2020
Number of fatalities	0	0
Number of first-aid cases	32	100
Number of medical cases – no lost time	6	12
Reported injuries – number of medical treatment cases – lost time	5	11
Lost time days	16	103
Total Recordable Injury Frequency Rate (TRIFR)	0,98	1,22

Health and safety programmes during the reporting period included:

- Safety induction training;
- Health and Safety Representative training;
- First Aid and Fire Fighter training; and
- HIV and Tuberculosis Information and Awareness.

SANS (South African National Standards) accredited disposable dust masks are issued to all employees working in extreme dusty areas, as identified in the health risk assessment conducted by the appointed occupational hygiene consultants. The wearing of dust masks is compulsory in high-risk areas, and employees possibly overexposed to dust are being assessed by the onsite Occupational Health Nursing Practitioner every three to six months. Employees working in high-risk noise areas, where noise exceeds 80 decibel, are issued with SANS-accredited hearing protection to assist in minimising the risk of an employee developing noise-induced hearing loss. The Group has also implemented a Hearing Conservation Programme.

Ilangabi Investments 12 (Pty) Ltd has adopted the "Mining Industry Occupational Safety & Health (MOHS) Traffic Management Leading Practice for Open Cast and Surface Operations in South Africa." Successfully reaching the implementation phase can be attributed to well-coordinated planning and execution, as well as valuable inputs from various stakeholders, especially the Group's employees. The Company remains committed to the continuous management and improvement of traffic management to ensure the safety of all its stakeholders.

Sustainability report

continued

BRIKOR GROUP COVID-19 DISASTER MANAGEMENT

Considering the magnitude and severity of the COVID-19 outbreak, which has been declared a global pandemic by the World Health Organisation, the South African government declared a national state of disaster on 15 March 2020. President Ramaphosa then further announced that a national lockdown would be implemented on 26 March 2020, which would last for three weeks until 16 April 2020, with only certain essential services permitted to operate during this time. The lockdown was, thereafter, extended and a risk adjusted strategy announced, which explained various different levels which the country would follow in the gradual relaxation of lockdown restrictions and return of economic activity.

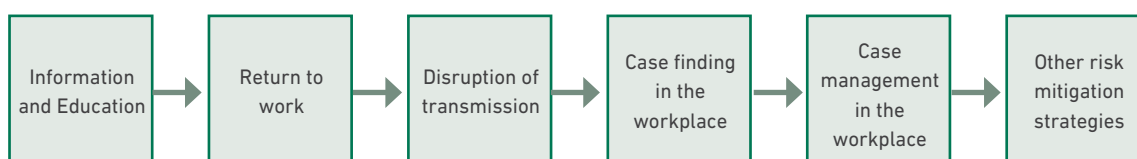
Brikor acted swiftly in ensuring that all the necessary protocols were put in place as directed by government:

- The Company established a Disaster Management Team, consisting of health and safety professionals and members of the Company's Executive Committee, led by the CEO;
- COVID-19 information leaflets were placed on all notice boards;
- Hand sanitiser was supplied at all entrances to the Company sites; and
- Temperature screening was implemented at all access points.

Once the national lockdown was announced by the government, a final decision was made that Brikor's brick manufacturing operations would cease at 12:00 on 26 March 2020 to ensure sufficient time for employees to return to their homes, considering some employees with families residing outside Gauteng province. As a gesture of goodwill, management decided to grant advance payments to wage employees in the amount of R1 500 per employee. These advance payments were given to employees by Brikor and employees were not required to repay these advances. The majority of the Administration, Finance and Human Resources staff members were set up to work remotely.

It was also decided on 25 March 2020, that the coal mining operations at Vlakfontein would continue during the lockdown period as coal mining was considered an essential service in the electricity supply chain. Ilangabi obtained the necessary certification and issued all employees with the necessary permits to continue working.

With the assistance and guidance of the Group's appointed Occupational Medical Practitioner, the Disaster Management Team developed a COVID-19 Mitigation and Management Programme, as set out in the diagram below.



The Mitigation and Management Programme consists of the following protocols and procedures:

- Prevention and Management of COVID-19 Policy;
- Medical screening procedure (to be conducted by the onsite Occupational Health Nursing Practitioner);
- COVID-19 Induction Training sessions compulsory for all employees and contractors;
- COVID-19 visitor/contractor questionnaire and screening;
- Daily symptom chart to be completed by all employees who have returned to work;
- Procedure for wearing cloth masks;
- Safe working procedure – Cleaning and sanitising of all workplace areas and surfaces;
- Procedure: Management of possible positive COVID-19 cases; and
- Mandatory Code of Practice for the prevention, mitigation and management of the COVID-19 pandemic.

Sustainability report

continued

Transparent screens were installed at sales counters to minimise contact with the public. In accordance with the published Regulations, the Company also purchased 1 500 cloth face masks and each employee was issued two masks on return to work.

All stakeholders were kept informed of all operational and other developments via SENS announcements. Memorandums, explaining the implementation of new protocols to be adhered to by those employees who continued working, were circulated regularly to employees.

With the country moving into alert level 5 during April 2020, the brick manufacturing operations were permitted to start operating with a reduced capacity and a small number of employees returned to work on 20 April 2020. Brikor's merchants were informed that the Company was permitted to service customers operating as essential services.

All mining and quarrying operations were permitted to operate at 100% capacity and the mining operations, therefore, operated as such for the month of May 2020. The brick manufacturing operations increased production in phases, in accordance with government's adjustment of the lockdown levels.

Due to delays experienced in paying employee claims from the "COVID-19 TERS Fund", the Company made another payment to all wage employees, not permitted to work during the lockdown, in the amount of R350 per employee on 21 May 2020. The CEO personally contributed R119 268,54 of this amount, translating into R201,13 per employee, with 593 employees receiving the R350 grant.

COVID-19 and lockdown-related risks and responses were identified and added to the Group's risk register and presented to the Audit and Risk Committee during their meeting held on 20 May 2020. The impacted areas identified included the following:

- Health and Safety
- Human Resources
- Operations
- Sales and Marketing
- Cash Flow
- Compliance and Governance
- Financial Reporting
- Information Technology

COVID-19 is an evolving pandemic and information available changes rapidly. Where possible, the resources from the National Department of Health (DoH), National Institute of Occupational Health (NIOH) and National Institute for Communicable Diseases (NICD) were utilised to improve the Company's protocols in an effort to ensure the wellbeing of all employees and other stakeholders.

The impact of the COVID-19 coronavirus on the employees of the Group was as follows:

	28 Feb 2021	17 Jun 2021
Number of employees in the Group	639	674
Number of positive tests *	3	10
Number of recoveries *	3	5
Number of active cases at end of period	0	5
Number of employees in quarantine or isolation during the period *	55	21
Number of employees in quarantine or isolation at end of period	0	9

* Cumulative

Sustainability report

continued

HIV INFORMATION AND AWARENESS

Due to the COVID-19 pandemic and the non-availability of external training providers during the various lockdown levels imposed by government, it was decided that the HIV credit provider training will take place at a later stage. Employees did, however, receive HIV and TB training during the 2021 induction programme.

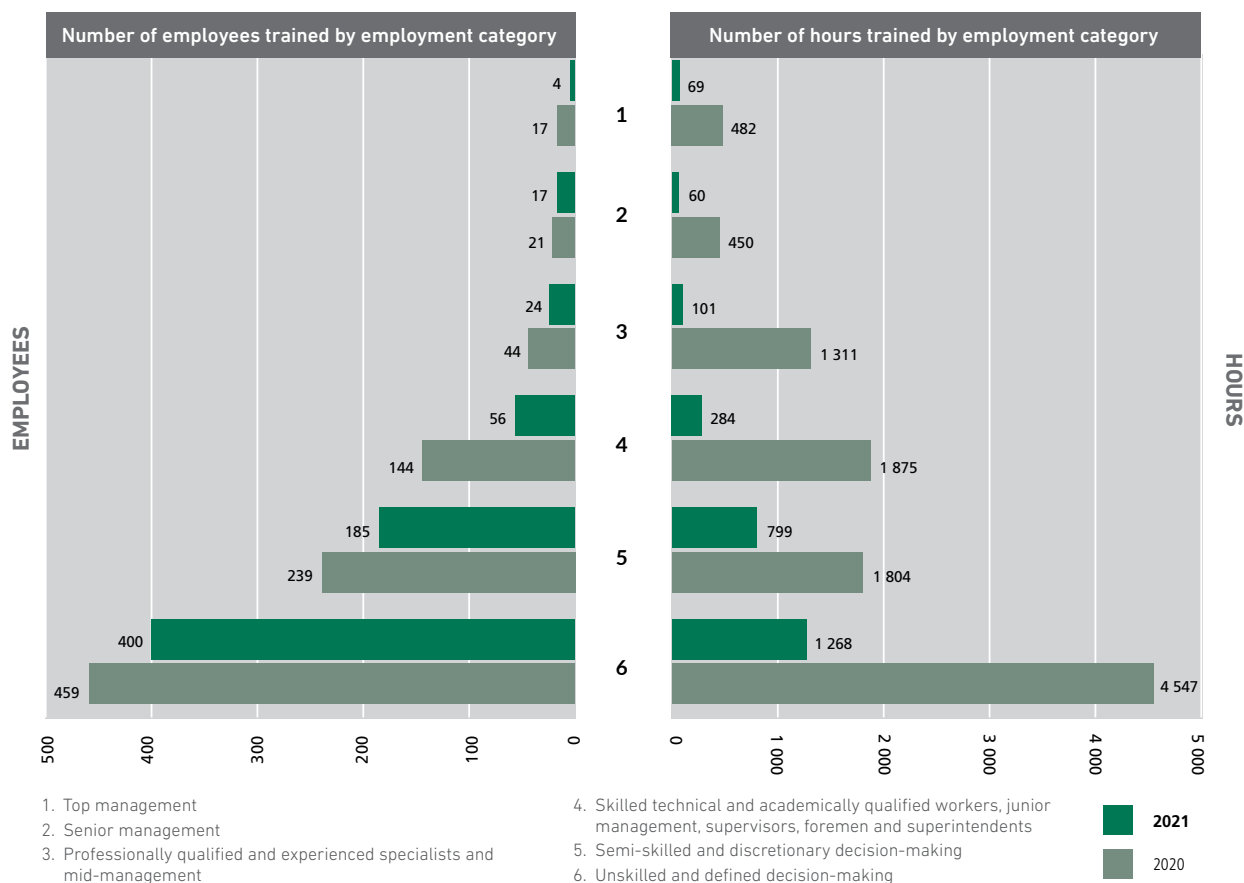
Should employees wish to undergo HIV testing during the year, they can do so by arrangement with the occupational nurse (clinics at Plant 1 and Plant 3). HIV training and awareness DVDs are also presented to employees during health training sessions.

TRAINING AND EDUCATION

Through training programmes, employees moved from semi-skilled to junior management and to middle and/or senior management positions. Learning and skills development interventions focused on enhancing management and leadership competencies and developing scarce and critical skills. During the reporting period investment was made in bursaries, learnerships, skills programmes (Haztrans, Sage Payroll, Supervisory Management, Competent A) and health and safety training. Other training initiatives included mobile operator training and ABET.

Total training spend amounted to R2,74 million (F2020: R2,79 million), of which internal training spend was R0,13 million (F2020: R0,34 million), the balance being external training spend, for 686 (F2020: 924) trainees.

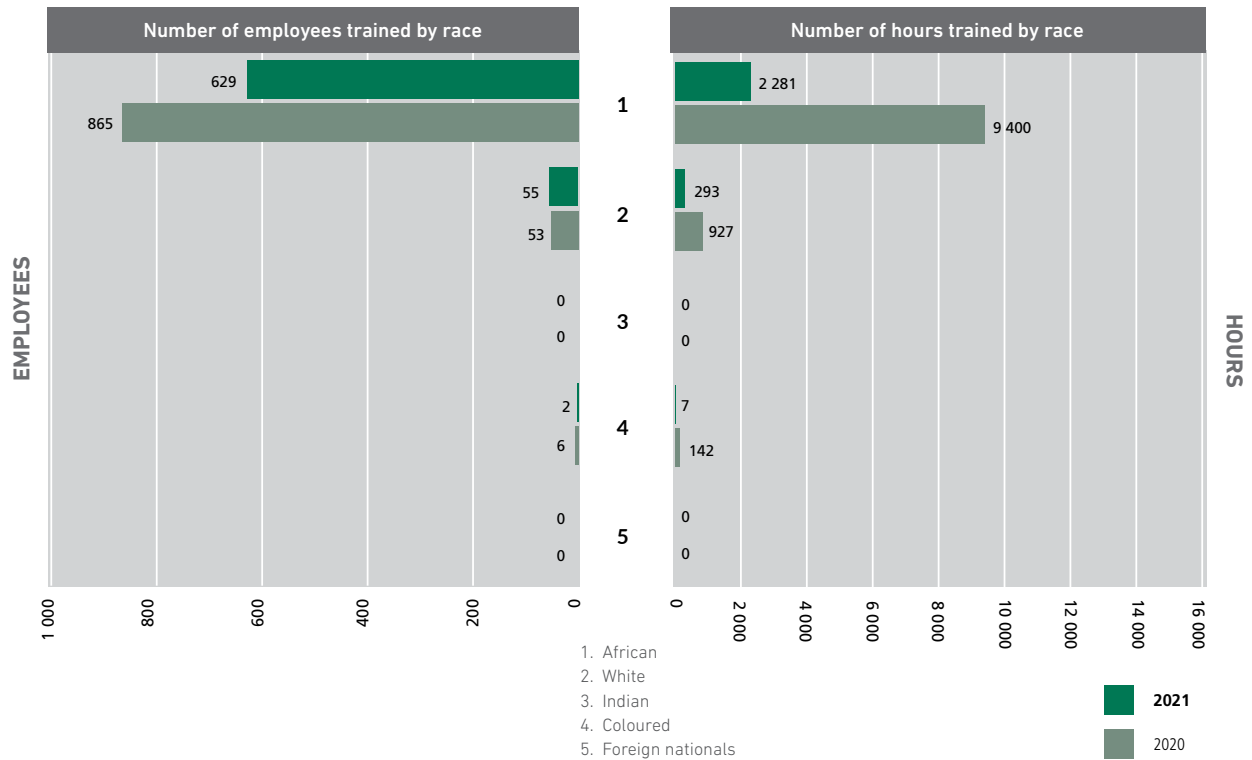
Number of trainees and number of hours by employment category



Sustainability report

continued

Number of trainees and number of hours by race



Number of trainees and number of hours by gender



Sustainability report

continued

HUMAN RIGHTS AND NON-DISCRIMINATION

UNGC – Principle 1: Support and respect the protection of internationally proclaimed human rights.

UNGC – Principle 2: Make sure that they are not complicit in human rights abuses.

The Group and the Board of Directors strive to eliminate any forms of discrimination through leading by example. Experience and psychology prove that discrimination tends to be driven by one of three elements being hatred, fear derived from the unknown or the threat of being inferior.

The Board supports a multicultural and multiracial work environment which respects people for who they are, where they come from and also the insights that each employee is able to offer to the Group. No opinion or point of departure is discriminated against or dismissed without due consideration being granted. The Human Resources department is under strict mandate from the Board to actively and diligently search across all levels of employment for suitable candidates as vacancies arise without any preconceived or mandated agendas other than to find the right person for the vacancy, taking into regard the employment equity targets for the Group.

Management is not aware of incidents of discrimination which were reported during the reporting period.

Due to the COVID-19 pandemic and protocols combined with the difficulties associated with social distancing rules and regulations, the Company did not conduct the annual human rights surveys. The surveys will be conducted during September/October 2021.

UNDERAGED OR COMPULSORY LABOUR

UNGC – Principle 4: The elimination of all forms of forced and compulsory labour.

UNGC – Principle 5: The effective abolition of child labour.

The Group does not condone or tolerate any underaged or compulsory labour practices within the Group. The Board will summarily reject and refuse further business endeavours with any supplier or business partner if it were to be discovered that such labour practices are employed within their respective businesses.

The Group strictly supports labour practices which are aligned with all relevant legislation and best practices including the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the Basic Conditions of Employment Act.

PRODUCT RESPONSIBILITY

Customer satisfaction through reliability of supply and dependable quality levels drives the sales strategy of the Group. Product responsibility in the Group pertains largely to the bricks segment in that the clay bricks are manufactured to the required standards for bearing weight. Compressive strength and water absorption levels are sampled regularly for each kiln as the bricks are baked and the values are widely understood in the industry. Years of experience in the manufacturing process, from the product mix to the temperatures at which the bricks are baked in the various areas of the kilns, determine the quality, colour and weight-bearing properties of the bricks. Defective bricks, which do not comply to the required standards, are not sold and are used as covers to pack the outside of the kilns for baking future stock bricks.

Sustainability report

continued

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

Scorecard

Brikor's BBBEE rating has been prepared in terms of the Construction Sector codes, as gazetted on 1 December 2017. Brikor now falls into the category 'Material Supplier – manufacturing, creation or supply of building material and equipment used eg, cement, concrete, brick, electrical equipment, steel, plant hire, plumbing, etc', as Brikor's principal activity is the manufacturing of bricks, determined by evaluating the source of turnover.

The 2021 to 2022 scorecard below is based on the 2021 audited consolidated financial statements and the BBBEE Compliance Report appears on pages 257 and 258. The 2020 to 2021 scorecard below is based on the 2020 audited consolidated financial statements, which scorecard remains valid until 15 July 2021.

For comparative purposes, Brikor's scorecard, which was based on the 2019 audited consolidated financial statements, is also presented.

	Construction Sector Codes 2021 to 2022		Construction Sector Codes 2020 to 2021		Construction Sector Codes 2019 to 2020	
	Element weighting	Score	Element weighting	Score	Element weighting	Score
Ownership	27	13,26	27	12.81	27	12.78
Management control	20	14,25	18	14.80	18	15.93
Skills development	21	16,20	21	17.60	21	20.58
Enterprise and supplier development	34	34,96	34	30.07	34	27.83
Socio-economic development	5	6,00	5	6.00	5	5.20
Overall score	107	84,68	105	81.27	105	82.32
BBBEE status level		LEVEL 4		LEVEL 4		LEVEL 4
BBBEE procurement recognition level		100%		100%		100%
Black ownership		11,68%		11.61%		11.49%
Black women ownership		3,01%		4.51%		4.62%
Empowering supplier		YES		YES		YES
Designated group supplier		NO		NO		NO

The Board of Directors is committed to improving Brikor's BBBEE rating and the five-year B-BBEE plan, which was adopted by the Board during 2018, outlines the strategy through which the rating could be improved.

Management control

The employment policy of the Group enforces fair non-discriminatory appointments which resolve to appoint the right person with the right skills and experience to best perform the task employed for. With this in mind and cognisant of the employment equity requirements enforced by the Employment Equity Act, management vigorously and consistently works towards improving the management level representation across all the races representative of the local demographic.

Across all management levels, employment of black males and black females increased by 8,96% (2020: 19,02%), and employment of white males and white females decreased by 3,03% (2020: decreased by 15,48%), during the reporting period.

Sustainability report

continued

Employment category	Number of employees as at 28 February 2021	Number of employees as at 29 February 2020	Movement (% change)
Top management			
Black male (African)	3	3	0%
White male	6	6	0%
Black female (African)	2	2	0%
White female	3	4	-25%
Senior management			
Black male (African)	4	3	33%
White male	2	2	0%
Black female (African)	1	0	100%
White female	0	0	0%
Middle management			
Black male (African)	5	3	67%
White male	5	5	0%
Black female (African)	3	4	-25%
White female	5	5	0%
Skilled and junior management			
Black male (African)	44	41	7%
White male	7	6	17%
Coloured male	2	0	200%
Black female (African)	9	10	-10%
White female	4	5	-20%
Coloured female	0	1	-100%
Overall management levels			
Black male (African)	56	50	12%
White male	20	21	-5%
Coloured male	2	1	100%
Black female (African)	15	15	0%
White female	12	12	0%
Coloured female	0	1	100%

Skills development

29 disabled learners participated in the learnership initiative doing FETC: Project Management NQF4. The learnerships commenced in December 2020 and continue for 12 months. Due to delays caused by the various COVID-19 protocols implemented, learnerships are still in progress.

Supplier and enterprise development

Management has collated and engaged with suppliers regarding the impact that their businesses have on the Group and assisted in educating supplier understanding of the aspects. Monthly tracking of expenditure in each of the relevant categories, to achieve annual targets, is maintained and reforecast, if so required. The Group is on a constant drive to source more compliant service providers and replace non-compliant service providers.

Sustainability report

continued

Actual spend for the reporting period is disclosed below:

	2021 R	2020 R
Supplier development	238 000	490 000
Enterprise development	3 576 963	3 161 461

Supplier development

AIF Business Development

A Supplier Development Agreement was entered into with AIF Business Development where AIF will provide support and development in the following ways to suppliers of the Company's choice:

- Coaching and mentorship;
- Business support services; and
- Training or procurement.

For the 2021 financial year, an amount of R0,24 million (excluded VAT) was paid to them, to provide the abovementioned coaching to CSA construction and Ditiropele on the Company's behalf.

CSA Construction

CSA is a 100% black-owned company established in 2003 with the primary objective of servicing the concrete and steel rehabilitation sector.

CSA in conjunction with Ditiropele Development and Maintenance Services have built a recess area for employees at Brikor, Nigel Plant 3.

For the financial year, an amount of R0,95 million was spent with CSA Construction.

Ditiropele Development and Maintenance Services

Ditiropele is a 100% black women-owned company. The organisation was founded in 2003 and provides services throughout South Africa.

During the reporting period, an amount of R0,76 million was spent with Ditiropele.

Enterprise development

Brikor's black business empowerment partner is Itakane. Itakane receives monthly commissions on Ilangabi's bulk coal sales, to a maximum of 15 000 tonnes per month, amounting to R3,6 million for the reporting period.

Socio-economic development

During the reporting period, the Company assisted several non-profit organisations financially, including but not limited to, Vita Nova, Reach for a Dream and the Childhood Cancer Foundation South Africa (CHOC).

Local economic development

Brikor's local economic development project for the past five years, in line with its social labour plan and in conjunction with the Department of Mineral Resources and Energy and the Ekurhuleni Municipality, has been to assist Kwanele Primary School by building a library for the scholars. During 2020, Brikor spent R1,4 million on the project and the project has been finalised.

Brikor is currently awaiting approval from the Department of Mineral Resources and Energy on the new project, which comprises the building of two classrooms at a primary school in Dunnottar.

"...by stretching yourself beyond your perceived level of confidence you accelerate your development level of competence."

Michael J Gelb

COMPETENT PERSON'S REPORT





COMPETENT PERSON'S REPORT

Stakeholders are referred to the executive summary of the Competent Person's Report below. The full Competent Person's Report is available on the Company website at www.brikor.co.za. The Board of Directors confirms that the Group has legal entitlement to the minerals being reported upon and, where applicable, is liable for surface right payments in the instances where the mineral rights belong to external parties. The directors also confirm that there are no legal proceedings or other material conditions that may impact on the Group's ability to continue mining activities.

EXECUTIVE SUMMARY

Minxcon (Pty) Ltd ("Minxcon") was commissioned by Brikor Limited ("Brikor", "the Company" or "the Client") to complete a compliant Independent Mineral and Coal Resource Competent Person's Report ("CPR" or the "Report") with a full mineral asset valuation on the Brikor clay and coal projects (collectively the "Projects") as follows, located in the Gauteng Province, South Africa:-

- **Vlakfontein – stone, clay, coal;**
- **Grootfontein – clay, coal, silica sand; and**
- **Plant 1 – clay.**

Bricks are manufactured at plants located at Plant 1 as well as the nearby Plant 3 site, at which property no mining occurs.

The Report was commissioned in order to comply with regulations of the Johannesburg Stock Exchange ("JSE") 12.10 (h), with the purpose to update the Mineral and Coal Resources and re-value the mineral assets. The(i) Report has been compiled in compliance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016 Edition) ("SAMREC Code"), and the South African Code for the Reporting of Mineral Asset Valuation (2016 Edition) ("SAMVAL Code"). All requirements of the JSE Section 12 Listing Requirements for Mineral Companies, the SAMREC Code and SAMVAL Code have been complied with. The Report has an effective date of 1 February 2021.

The Competent Person deems this summary to be a true and accurate reflection of the full CPR.

PROPERTY DESCRIPTION

The Projects are situated in the East Rand of the greater Johannesburg region near the town of Nigel.

Brikor is actively mining coal and clay at Vlakfontein, an 85-ha area which is situated 5 km northwest of the town of Nigel on the remainder ("RE") of the farm Vlakfontein 281 IR. A valid mining right, 219 MR expiring on 10 August 2041, is held for Vlakfontein by Brikor through its subsidiary company Ilangabi Investments 12 (Pty) Ltd ("Ilangabi"). A water use licence application ("WULA") to permit water uses Vlakfontein was submitted on 17 September 2020 and is in the review process by the Department of Water and Sanitation.

The clays are processed at the adjacent Plant 1 brick making facility. Plant 1 is located on portion ("Ptn") 7 of the farm Draaikraal 166 IR over 236 ha and held by Brikor under mining right 169 MR, which expires on 31 May 2032. The Plant 1 mining right is only applicable to clays and does not include any coal mining rights. A revised Environmental Management Plan ("EMP") was submitted on 13 February 2019 and was approved on 5 November 2019. A WULA for water abstraction and storage, and waste disposal was submitted on 21 January 2021 and is currently under review.

Competent person's report

continued

The 457 ha Grootfontein prospecting area – located immediately adjacent to the Vlakfontein Project Area – was converted to a mining right 10059 MR of 96 ha over Ptn 85 Grootfontein 165 IR and Ptn of RE Volgelstruisbult 127 IR. The mining right was granted on 1 December 2020 and is pending execution. A letter granting an Environmental Authorisation was received on 15 March 2021, with interested and affected parties having until 7 April 2021 to provide comments. No appeals are anticipated. A WULA was submitted on 23 July 2020 and is still under consideration. Once the right has been executed, application will be made for its transfer into the name of the newly established Kopanela Mining (Pty) Ltd ("Kopanela"). In the same manner, all future mining rights will be applied for in the name of Kopanela.

The surrounding areas are dominated by farmlands, particularly dedicated to grazing and agriculture. The Marievale Bird Sanctuary lies in close proximity to these projects. No major environmental issues are highlighted in the environmental studies and are mainly confined to disruption of topography. No major adverse impacts on nearby wetlands or water bodies are known, bar from proposed mining activities at Grootfontein which can be mitigated to lower levels through implementation of mitigation measures. The overall sulphur content across the coal seams is low enough to not pose an environmental threat, based on known information. Minxcon did not note any reference to long-term water management plans in the EIA or EMP documents, nor receive such plans from the Client.

The current coal wash plant position is at Plant 3, which is currently not sanctioned by a valid water use licence. A WULA was submitted on 22 September 2020 and is still in process of review.

Upon closure, the mine area will need to be monitored and rehabilitated. For the Project Areas, Ilangabi/Brikor hold ZAR48.6 million in trusts and guarantees against a required quantum of ZAR38.0 million. Of this, a total of ZAR27.5 million is held for Plant 1 and Vlakfontein, while only ZAR22.9 million is required. For the newly awarded Grootfontein mining right, the DMRE required a financial provision of ZAR4,298,239.23, which has been provided for to that same amount through a guarantee via Lombard Insurance Company.

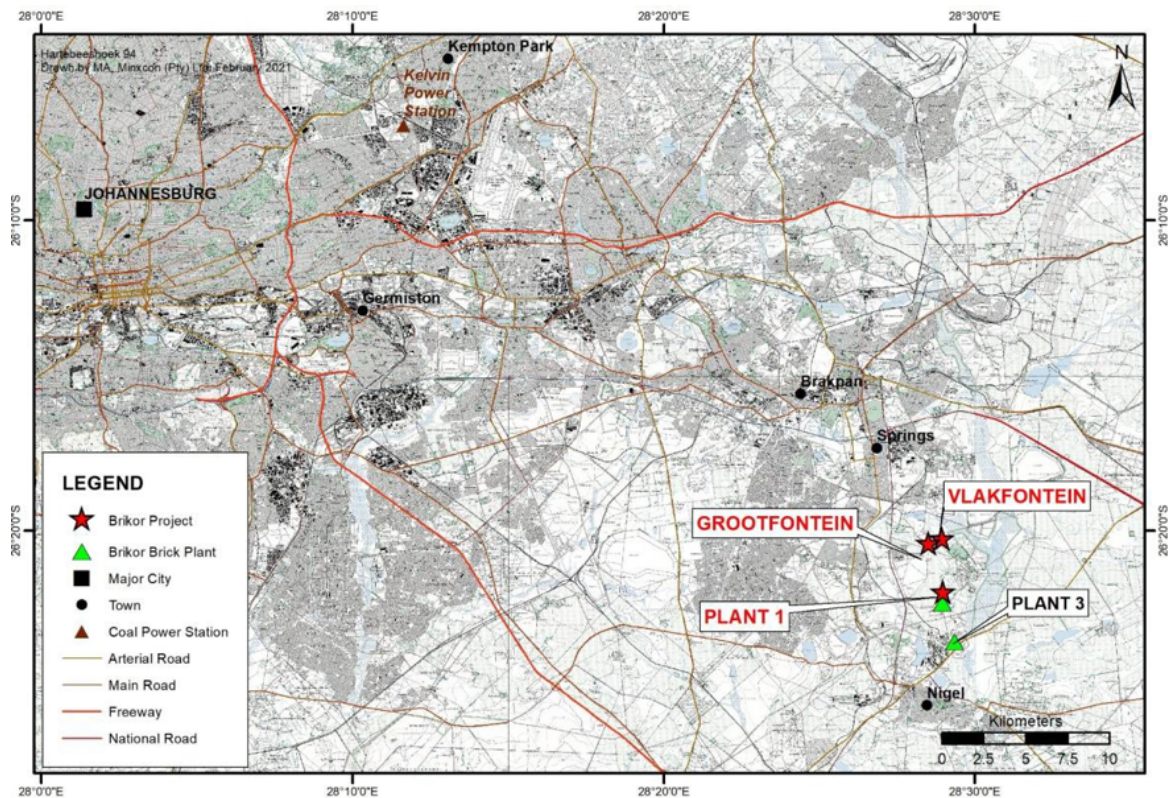
Competent person's report

continued

Location Map

The location of the Brikor Projects is shown in the following figure.

Regional Location of Brikor Project Areas – February 2021



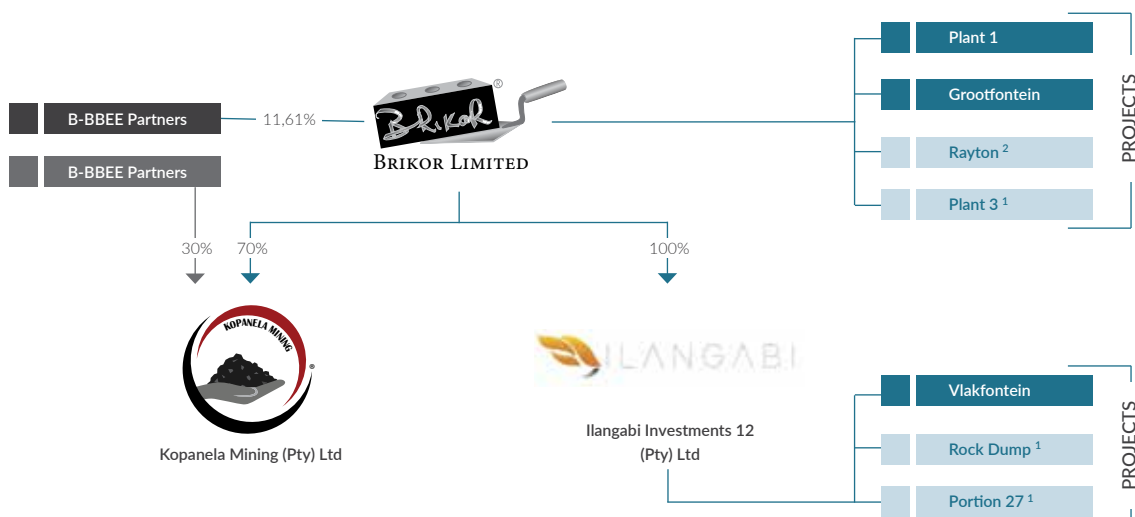
Ownership

Brikor is currently the direct and sole shareholder in the Plant 1 and Grootfontein Projects. Brikor further holds 100% interest in the Vlaktefontein Project through its wholly owned subsidiary Ilangabi Investments 12 (Pty) Ltd. A new company Kopanela has been established, which is 70% held by Brikor and the balance held by Broad-Based Black Economic Empowerment ("B-BBEE") shareholders. It is envisaged that future mineral rights will be applied for, and current rights will be transferred into, the name of Kopanela. The corporate structure of Brikor is shown in the following figure.

Competent person's report

continued

Brikor Limited Corporate Structure – February 2021



Notes:

1. "PROJECTS" as held by way of mineral rights in the name of the shown company.
2. ¹ Closure certificate granted.
3. ² Sold, Section 11 transfer application submitted.

As at February 2020, the B-BBEE ownership of Brikor as at that date was 11.61%. Provisions are made in the mining rights of the Projects for a 26.63% BEE component. At the time of execution of the rights, the Company held a 32% BEE component. The BEE shareholding has since been diluted. Per the 2018 Mining Charter, an existing mining right holder who, at any stage during the existence of a mining right, achieved a minimum of 26% BEE shareholding, and whose BEE partner/s exited prior to the commencement of the 2018 Mining Charter, shall be recognised as compliant for the duration of a mining right. Given that the Company held a 32% BEE component at time of mineral right execution for Vlakfontein and Plant 1, Brikor and Ilangabi are aligned with the 2018 Mining Charter BEE shareholding requirements for these Projects.

Minxcon is satisfied with the security of the Mineral Rights and legal tenure held over the Brikor Projects.

GEOLOGY AND MINERALISATION

Vlakfontein, Grootfontein and Plant 1

The contiguous area between Vlakfontein, Grootfontein and Plant 1 occurs within the Permian Eccla Group of the Karoo Basin and falls within the north-western limit of the Witbank Coalfield. The Eccla sediments occur as shale with interlayered sandstone and siltstone in association with gently rolling coal seams whose deposition and preservation were controlled by footwall topography at the time of generation. Close to surface, the shales and coal seams weather to clays that occur as reasonably flat horizons with gentle undulations and are, where their qualities allow, used for making bricks. The Eccla sediments are underlain by the Dwyka tillite, which eroded into the metamorphosed sediments of the Witwatersrand Supergroup, with the result that a large proportion of the Dwyka tillite clasts consist of typical Witwatersrand-type quartzite. The Karoo sediments deepen towards the northwest. The correlation of the coal seams identified at these projects cannot be confidently related to the seven coal seams known throughout the Witbank Coalfield.

The clay deposits that occur at the projects developed as a result of weathering of the Eccla coal and shale. In the region, a total of three coal seams (from top down namely seams 1, 2 and 3, separated vertically from

Competent person's report

continued

each other by shale-rich middlings) occur, weathering to form coal derivatives, namely the Chocolate and other weathered clays. These clay types are not universally developed, and their occurrence is solely dependent on the presence of coal and the depth at which the coal occurs. A discontinuous shale or sandstone zone occurs overlying the coal seams and Chocolate and other weathered clays. Overlying this zone in turn, and in some areas overlying the coal, is a continuous clay horizon, Forest Blend, which is suitable for brickmaking and may be 10-20 m thick. Sandstone may intermittently occur above the Forest Blend clay horizon. Locally, alluvial clay (immediately below the topsoil), which is not suitable for brickmaking, overlies this sandstone or the Forest Blend clay.

The coal seams on Vlakfontein occur within a palaeo-low or basinal feature. Over this property, all three coal seams were originally formed and were in places weathered to Chocolate and other weathered clays depending on the original seam depth below surface. A palaeo-high occurs towards the middle of the Grootfontein property, where towards the east coal was not formed, while over the greater central part of Grootfontein only Seam 1 is seen to occur. On the Plant 1 property towards the southeast, Seam 2 is currently interpreted to occur, however Brikor does not hold the mining right for coal on this property. Mineral Resources pertinent to Plant 1 only incorporate the clays, which may or may not be a weathering product of previously occurring coal seams that may have occurred on the property.

Forest Blend clay is well developed in the northwest and occurs as overburden to the coal seams, shallowing to the southeast. The base of the coal seams at Vlakfontein deepen in the northwest and thin to the southeast. Conversely, sandstones are generally absent in the north and thicken to the southeast. Beyond the north-western portion, the clays and coal seams are poorly developed. At Plant 1, Eccla sediments deepen to the southwest.

No major intrusive bodies are identified on the projects. Dolerite dykes occur and have been logged in some drillholes but have not been mapped. Their impact on the clays and coal seams has not been ascertained.

STATUS OF EXPLORATION

Data regarding historical exploration work for the Brikor Projects is limited. From the information that was provided, the Competent Person has ascertained that exploration has been limited to drilling, sampling and analysis. Where applicable, clay samples are submitted for assaying, for brick making qualities as well as for coal samples, which are analysed for moisture, volatiles, ash, fixed carbon, gross calorific value ("CV") and total sulphur.

In 2020, six drillholes were drilled at Vlakfontein Project Area and samples were assayed at an accredited laboratory, Vitrovia Analytical Services.

An additional five exploration drillholes were drilled at the Nigel Project Areas during 2019. However, these holes were not sampled or assayed and have not been utilised in any geological model or Mineral or Coal Resource estimation update. They were used to confirm the clay horizons and coal seams ahead of the mining face at Vlakfontein. At Vlakfontein, a total of 15 drillholes were executed in 2006 and 2011, of which three fell outside of the mining right area. Eleven reverse circulation drillholes and one diamond drillhole were drilled at Grootfontein in 2013 and 2014. A total of 27 drillholes were drilled at Plant 1 in the early 1980s, of which three fall outside the Project, but these records are no longer available. In 2006 an additional two drillholes were drilled at Plant 1, of which one was drilled outside the Project Area. During 2016, nine diamond drillholes were drilled at Vlakfontein, while at Plant 1 two diamond holes were drilled. However, all samples were sampled at the in-house laboratory and this is reflected in the updated Coal Resources for Vlakfontein. In 2017, eight diamond drillholes were drilled on Vlakfontein and additional five diamond drillholes on the Plant 1 Project Area. These samples were analysed at the in-house laboratory as well as an independent laboratory. In 2020, a further 19 diamond drillholes totalling 320.01 m were drilled at Plant 1 and the coal samples were analysed at an accredited laboratory, Vitrovia Analytical Services.

No exploration is planned for this current year.

Competent person's report

continued

KEY MODIFYING FACTORS

Key technical modifying factors considered with respect to the Coal Resources include a practical mining seam width cut-off of 0.5 m and a CV cut-off of 15 MJ/kg, which have been applied due to the processes and targeted local market for Brikor coal. The basis for the CV cut-off is founded on the Eskom minimum for the Grootfontein power plant which resulted in a cut-off of 15 MJ/kg being applicable.

Minxcon utilised a wash relative density ("RD") of 1.7 and the related average theoretical product yields in the following table as part of the cut-off calculations in order to estimate the Coal Resource.

Indicative Washability Figures for the Vlaktefontein Drilling

Wash RD	Seam	Average Theoretical Product Yield %	Average CV MJ/kg
1.5	Seam 1	43.94	26.03
	Seam 2	25.10	24.12
	Seam 3	9.91	24.02
1.6	Seam 1	56.03	25.12
	Seam 2	40.44	22.68
	Seam 3	18.48	22.78
1.7	Seam 1	67.65	23.92
	Seam 2	52.60	21.03
	Seam 3	36.59	20.78

A statistical average on a per seam basis was applied where no densities were measured and this was thus also applied to the Inferred and Indicated Coal Resource at the data points that were lacking specific gravity ("SG") data, in order to generate a reasonable reliable estimate of the in situ densities.

Minxcon deems the SG data to be of sufficient quality to classify the Coal Resource as an Inferred and Indicated Coal Resource. No individual SG testwork was conducted on the 2017, 2019 or 2020 drilling.

Clay Mineral Resources have been declared based on a 0.5 m clay seam width due to practical mining width considerations currently practiced by Brikor.

No by-products or deleterious elements were estimated or assumptions made in this regard for either the Coal Resources or Clay Mineral Resources.

Competent person's report

continued

DEVELOPMENT AND OPERATIONS

Mining activities are active at Vlakfontein producing clay and coal used in the fabrication of bricks. However, no mine design with a level of detail required to support and report appropriate information and convert Mineral and Coal Resources to Mineral and Coal Reserves is available. Thus, this CPR is set up exclusively as a Mineral and Coal Resource CPR.

COAL RESOURCES AND MINERAL RESOURCES

Coal

The Coal Resource is stated with a thickness cut-off of 0.5 m, ash content below 50% and a CV of 15 MJ/kg. The Coal Resource is stated per mine area and broken down per seam; and has been discounted by a 15% geological loss applied to the total tonnage. These included 10% losses for sills and dykes and a further 5% for geological losses as per the associated mine works programmes for the Project Areas. The Coal Resources are stated as 100% attributable to Brikor and take into account mining depletions up to and including January 2021. Further exclusions include a 9 m boundary pillar and the servitude exclusion of the power line at Vlakfontein. Tonnages are stated in metric tonnes and based on air-dried basis. It should be noted that Inferred Coal Resources have a low level of confidence and while it would be reasonable to expect that the majority of Inferred Coal Resources would upgrade to Indicated Coal Resources with continued exploration, due to the uncertainty of Inferred Coal Resources, it should not be assumed that such upgrading will occur.

The Coal Resources are stated as Mineable In Situ Coal Resources ("MTIS") as the mining will be open cast and no additional mining width parameter will be applied.

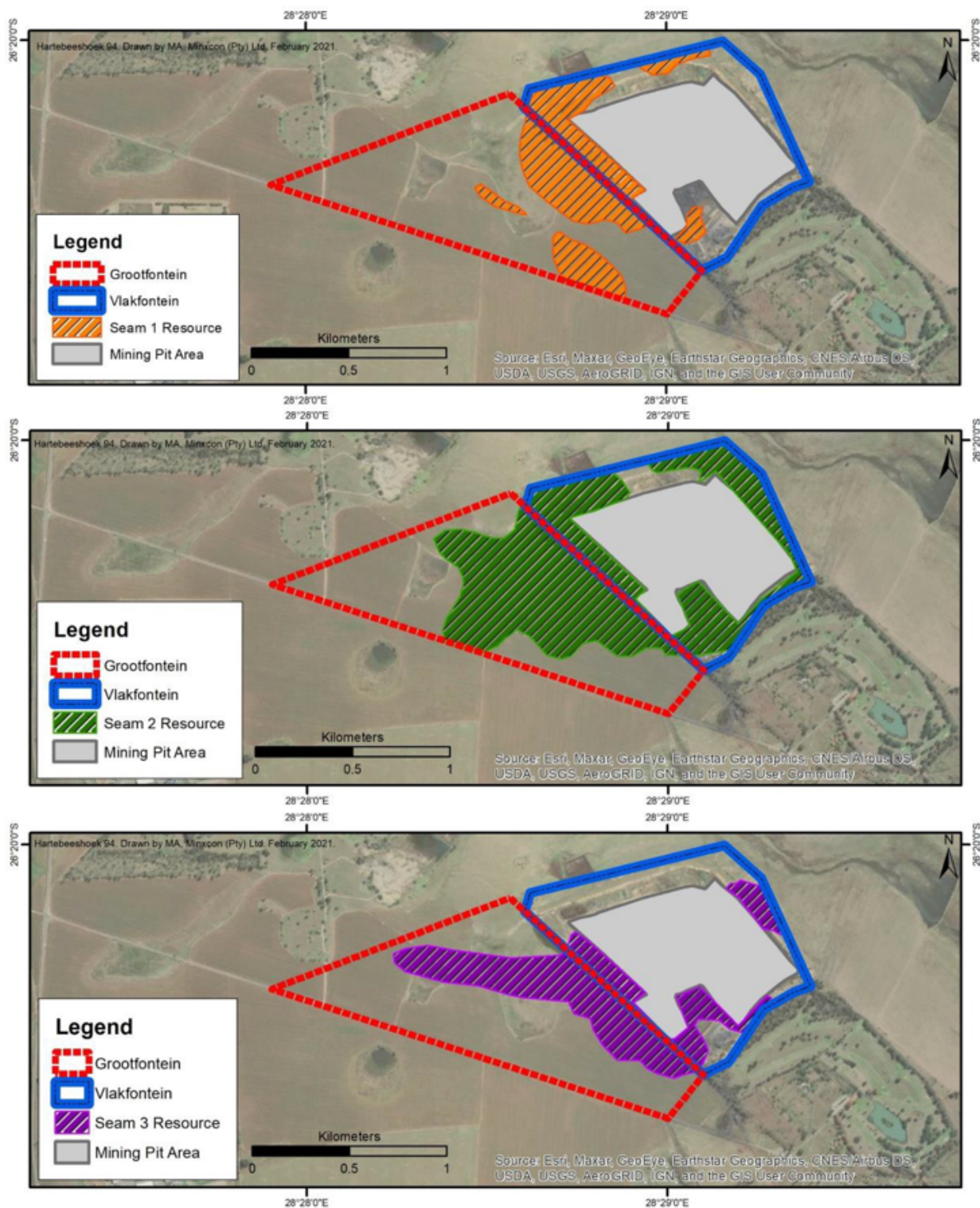
The Vlakfontein Coal Resources are used by Brikor in their brick making industry and sold to the local market with no specific saleable product specifications. Brikor does, however, wash the coal at a density of about 1.74 t/m³ for a product of approximately 22 MJ/kg. There currently are no contracts in place for any specific saleable product.

The following images show the Brikor Coal Resources over the Grootfontein and Vlakfontein permit areas. Also shown is the current mining operation, which encompasses the full extent of the Vlakfontein mining right area. A 9 m pillar boundary around perimeter roads will sterilise limited Coal Resources.

Competent person's report

continued

Coal Resources and Mining Areas per Seam – February 2021



Competent person's report

continued

The following tables detail the current Coal Resources for Brikor.

Vlakfontein Indicated Mineral In Situ Coal Resource (MTIS) as at 1 February 2021

Seam name	Coal Resource Category	Volume	RD	Tonnes GTIS	Geo loss	Tonnes less Geo loss MTIS	Average seam width	IM	ASH	VM	FC	TS	CV
		Mm ³	t/m ³	Mt	%	Mt	m	%	%	%	%	%	Mj/kg
Seam 1	Indicated	0.12	1.65	0.20	15.00	0.17	3.44	4.10	37.09	22.12	44.57	1.45	16.91
Seam 2	Indicated	1.15	1.61	1.85	15.00	1.57	11.30	4.72	34.65	20.61	45.78	0.97	18.82
Seam 3	Indicated	0.12	1.74	0.21	15.00	0.17	2.72	4.26	39.22	20.42	39.33	1.14	17.20
Total		1.39	1.62	2.26	15.00	1.92	9.88	4.63	35.25	20.73	45.12	1.03	18.51

Notes:

1. Coal Resources are stated as 100% attributable to Brikor.
2. All volumes are based on the block model seam widths.
3. Geological loss is made up of 10% sills and dykes and 5% for faulting.
4. Coal Resources are inclusive of Coal Reserves; however, no Coal Reserves have been declared.

Vlakfontein Inferred Mineral In Situ Coal Resource (MTIS) as at 1 February 2021

Seam name	Coal Resource Category	Volume	RD	Tonnes GTIS	Geo loss	Tonnes less Geo loss MTIS	Average seam width	IM	ASH	VM	FC	TS	CV
		Mm ³	t/m ³	Mt	%	Mt	m	%	%	%	%	%	Mj/kg
Seam 1	Inferred	0.08	1.66	0.13	15.00	0.11	2.07	4.06	37.86	21.93	43.43	1.52	16.74
Seam 2	Inferred	0.84	1.61	1.35	15.00	1.15	13.26	4.39	37.72	19.82	44.45	0.83	17.59
Seam 3	Inferred	0.04	1.76	0.08	15.00	0.07	2.08	4.16	37.86	20.16	41.58	0.94	17.93
Total		0.96	1.62	1.56	15.00	1.33	11.83	4.35	37.74	20.01	44.23	0.89	17.54

Notes:

1. Coal Resources are stated as 100% attributable to Brikor.
2. All volumes are based on the block model seam widths.
3. Geological loss is made up of 10% sills and dykes and 5% for faulting.
4. Coal Resources are inclusive of Coal Reserves; however, no Coal Reserves have been declared.

Grootfontein Indicated Mineral In Situ Coal Resource (MTIS) as at 1 February 2021

Seam name	Coal Resource Category	Volume	RD	Tonnes GTIS	Geo loss	Tonnes less Geo loss MTIS	Average seam width	IM	ASH	VM	FC	TS	CV
		Mm ³	t/m ³	Mt	%	Mt	m	%	%	%	%	%	Mj/kg
Seam 1	Indicated	0.06	1.64	0.10	15.00	0.09	1.85	4.17	35.29	22.88	51.04	1.34	17.15
Seam 2	Indicated	0.61	1.61	0.98	15.00	0.83	13.54	4.77	34.32	20.93	44.74	1.00	19.02
Seam 3	Indicated	0.07	1.73	0.13	15.00	0.11	1.33	4.22	39.20	20.40	39.31	1.14	17.25
Total		0.75	1.62	1.21	15.00	1.03	11.36	4.67	34.88	21.04	44.73	1.04	18.69

Notes:

1. Coal Resources are stated as 100% attributable to Brikor.
2. All volumes are based on the block model seam widths.
3. Geological loss is made up of 10% sills and dykes and 5% for faulting.
4. Coal Resources are inclusive of Coal Reserves; however, no Coal Reserves have been declared.

Competent person's report

continued

Grootfontein Inferred Mineral In Situ Coal Resource (MTIS) as at 1 February 2021

Seam name	Coal Resource Category	Volume	RD	Tonnes GTIS	Geo loss	Tonnes less Geo loss MTIS	Average seam width	IM	ASH	VM	FC	TS	CV
		Mm³	t/m³	Mt	%	Mt	m	%	%	%	%	%	Mj/kg
Seam 1	Inferred	0.27	1.65	0.44	15.00	0.38	1.74	4.08	36.72	22.36	46.37	1.47	17.03
Seam 2	Inferred	2.53	1.62	4.10	15.00	3.49	9.57	4.06	37.02	20.01	43.56	0.88	17.86
Seam 3	Inferred	0.18	1.76	0.32	15.00	0.27	1.78	3.31	38.49	18.45	42.15	0.95	18.35
Total		2.98	1.63	4.86	15.00	4.13	8.39	4.02	37.08	20.13	43.73	0.93	17.81

Notes:

1. Coal Resources are stated as 100% attributable to Brikor.
2. All volumes are based on the block model seam widths.
3. Geological loss is made up of 10% sills and dykes and 5% for faulting.
4. Coal Resources are inclusive of Coal Reserves; however, no Coal Reserves have been declared.

The Brikor Plant 1 mining right does not include coal and therefore the Coal Resources stated below, which are based on the drilling conducted in 2020, cannot be included in the total current Brikor Coal Resources until the mining right includes coal.

Upside Potential – Plant 1 Indicated and Inferred Mineral In Situ Coal Resource (MTIS) as at 1 February 2021

Seam name	Coal Resource Category	Volume	RD	Tonnes GTIS	Geo loss	Tonnes less Geo loss MTIS	Average seam width	IM	ASH	VM	FC	TS	CV
		Mm³	t/m³	Mt	%	Mt	m	%	%	%	%	%	Mj/kg
Seam 1	Indicated	0.83	1.66	1.37	15.00	1.17	3.10	4.79	36.86	20.89	41.82	0.43	16.79
Total		0.83	1.66	1.37	15.00	1.17	3.10	4.79	36.86	20.89	41.82	0.43	16.79
Seam 2	Indicated	0.35	1.66	0.57	15.00	0.49	2.17	4.80	37.06	20.94	41.88	0.43	16.71
Total		0.35	1.66	0.57	15.00	0.49	2.17	4.80	37.06	20.94	41.88	0.43	16.71

Notes:

1. All volumes are based on the block model seam widths.
2. Geological loss is made up of 10% sills and dykes and 5% for faulting.
3. Coal Resources are inclusive of Coal Reserves; however, no Coal Reserves have been declared.
4. Brikor currently do not have the mineral rights for the Coal at Plant 1.

Clay

The Clay Mineral Resources are stated with a cut-off of 0.5 m width, and only volumetric figures are stated as there are no reliable density figures. Based on the full physical property analysis conducted on the drill samples and the historical mining of the clay for bricks, the clay horizon Mineral Resource is for brick-making quality clay. The Mineral Resource covers the Vlakfontein, Grootfontein and Plant 1 properties and has been declared as such. All Mineral Resources fall within the Indicated and Inferred categories. Even though there are no reliable density measurements the volume of the Clay Mineral Resource was still declared as Indicated and Inferred based on the confidence in the clay unit widths, brick making properties and continuity (area) of the clay horizons based on drilling information. The in situ Clay Mineral Resource is used by Brikor in their brick making industry and is not sold as a specific clay product. The Clay Mineral Resources are stated as 100% attributable to Brikor and take into account depletions up to and including January 2021. Further exclusions include a 9 m boundary pillar and the exclusion of the servitude at Vlakfontein. The continuity of the brick making clay horizons has been determined by the drilling and sampling conducted by Brikor.

Competent person's report

continued

Clay Mineral Resources @ 0.5 m Cut-off as at 1 February 2021

Clay horizon	Indicated Resources			Inferred Resources		
	Volume	Approximate area coverage	Approximate width	Volume	Approximate area coverage	Approximate width
	Mm ³	Mm ²	m	Mm ³	Mm ²	m
Vlakfontein						
Forest Blend	2.15	0.29	7.36			
Chocolate	1.54	0.24	6.42			
Total	3.69	0.53	6.94			
Grootfontein						
Forest Blend	6.92	0.87	7.97	1.71	0.30	5.71
Chocolate	1.71	0.29	5.89	3.32	0.62	5.33
Total	8.64	1.16	7.45	5.03	0.92	5.45
Plant 1						
Forest Blend	3.43	0.91	3.78	1.92	0.45	4.27
Chocolate	2.89	1.14	2.53	0.71	0.35	2.01
Total	6.32	2.05	3.09	2.63	0.80	3.28
Total						
Forest Blend	12.50	2.07	6.05	3.63	0.75	4.85
Chocolate	6.14	1.67	3.68	4.03	0.98	4.13
TOTAL	18.64	3.74	4.99	7.66	1.72	4.44

Notes:

1. Mineral Resources are stated as 100% attributable to Brikor.
2. Geological loss comprises 10% for sills and dykes and 5% for faulting.
3. Mineral Resources are inclusive of Mineral Reserves; however, no Mineral Reserves have been declared.

MINERAL RESERVES

No Mineral Reserves or Coal Reserves were declared due to the absence of an adequate level of confidence in the life of mine plan for the Vlakfontein operations.

VALUATION

The income approach and market approach are the more commonly used valuation approaches for development and production properties. Failing the presentation of a mine plan and Mineral or Coal Reserve by the company, it is the Competent Valuator's opinion that the market approach and cost approaches are the only remaining methodology to ascertain the total value of the operation.

Clay

Serious problems occur when the market approach is used in valuation of active pits and quarry operations that mine clay, as timely transactions are rare. Sold properties and the subject properties to be valued differ in many ways.

An alternative market approach that is frequently used is the In Situ Mineral Resource (or "Yardstick") method. The value derived is usually an average market-based figure obtained from an analysis of recent transactions in the applicable currency per ounce or per tonne. Applicable information on recent transactions could not be sourced for clay transactions. Minxcon could, however, source the information for a number of other commodities to form an opinion of the worth of the Mineral Resources of the clay in the ground.

At a yardstick fraction of 0.30%, the best estimated value for the clay is ZAR2.56 million on a 100% attributable basis.

Competent person's report

continued

Coal

The valuator performed an independent valuation on Brikor's Coal Resources. The market comparable approach was applied on the total Coal Resource as the primary valuation methodology in determining the value of the asset.

The combined project including all the areas as described above has an estimated value of ZAR35.39 million and an average value of ZAR4.21/t.

A cost approach valuation was also applied to the coal projects, providing an indicative value of ZAR50.87 million. Although this is in line with the market approach value derived, the projects are advanced, and the more appropriate value is as determined by the market approach value.

The values are 100% attributable.

Combined Range of Values

The best estimated value (100% attributable) of ZAR37.94 million was calculated for Brikor.

Combined Range of Values Derived

	Total Tonnes	Lower Price	Risk-Adjusted Price	Upper Price	Lower Value	Best Estimated Value	Upper Value
Comparative market approach	kt	ZAR/t			ZAR million		
Coal							
Market approach	8,409	2.11	4.21	5.31	17.71	35.39	53.06
	Total Tonnes	Lower Price	Risk-Adjusted Price	Upper Price	Lower Value	Best Estimated Value	Upper Value
Yardstick approach	kt	%			ZAR million		
Clay							
Yardstick approach	47,333	0.10%	0.30%	0.50%	0.85	2.56	4.26
Combined					18.56	37.94	57.32

Notes:

1. Mineral and Coal Resources are stated as 100% attributable to Brikor.
2. Clay density of 1.80 t/m³ used to convert volume to tonnage based on review of industry-expected densities of similar products as clay price is based on a per tonne basis.

RISKS

The Competent Person completed a risk analysis for the Project. No major risks were identified. The Mineral Resource information could be improved through implementing appropriate protocols and QAQC procedures. A mine plan and business plan should be developed in order to estimate Coal and Mineral Reserves and optimise operations.

COMPETENT PERSON'S CONCLUSIONS

The following conclusions are made by the Competent Person for the Brikor Projects:-

Mineral Resources

A large portion of the Brikor database comprises historical information and with the additional drilling that has been completed during 2016, 2017, 2019 and 2020 the confidence in the Coal and Clay Resources has improved. With the implementation of additional best practises in the 2020 drilling campaign, the Mineral Resource categories have improved. However, no relative density testwork or washabilities were conducted on the coal samples in the 2020 drilling campaign and therefore the Coal Resource could not be declared as Measured. The drill spacing on Vlakfontein should allow for a Measured and Indicated Coal Resource if all best practices were followed. Therefore, the optimum benefit has not been achieved with these drilling campaigns.

Competent person's report

continued

The 2020 drilling at Plant 1 has improved the geological model as well as the confidence in the model; as such, Indicated Mineral Resources for the clay at Plant 1 have increased. Additional bulk density testwork is recommended if a Measured Mineral Resource is to be declared.

Mining

A SAMREC compliant Mineral Reserve or Coal Reserve cannot be stated as the current detail of the mine planning is not at the level required by the SAMREC Code.

Processing

Coal washing and brick making technologies employed at Brikor are industry standard and well understood. Furthermore, no deleterious elements are expected to be present to any degree that will affect economic extraction of the Coal Resources.

Valuation

The Brikor Projects are collectively considered a production property and the two acceptable methodologies prescribed by the SAMVAL Code for valuing production properties are the income approach and the market approach. It is the valuator's opinion that the income approach is an appropriate methodology to value an operating coal and clay operation, but this could not be completed due to absence of a mine plan and Mineral Reserve. A SAMVAL Code requirement for a discounted cash flow valuation is a Mineral Reserve supported by a detailed mine plan. Failing to present a mine plan and Mineral Reserve by Brikor, the coal and clay could not be valued by means of the income approach as a second valuation approach. As a result, one of the key risks of the valuation exercise is that it may not reflect the true value of the total company.

Failing to find applicable information on transactions in South Africa or neighbouring countries, Minxcon could not complete a market comparative valuation of the clay assets and had to make use of an alternative market approach that is frequently used which is the yardstick method. As discussed above, applicable information on recent transactions could not be sourced for clay transactions. Minxcon could, however, source the information for a number of other commodities to form an opinion what the Mineral Resources of the clay in the ground could be worth. The value of the clay is estimated to be ZAR2.56 million.

The cost approach and the market comparable approach were used to value the coal assets, with the latter being the most appropriate and reliable methodology as the properties are already in production. The value of the Coal Resource is estimated to be ZAR35.39 million.

This results in a combined value of ZAR37.94 million. The valuations are based on a 100% attributable basis.

COMPETENT PERSON'S RECOMMENDATIONS

The following recommendations are made by the Competent Person regarding the Brikor Projects:-

Mineral Resources

Minxcon recommends that if additional drilling campaigns are undertaken - which are required to upgrade the Coal Resources - then relative density testwork and washabilities must also be done so that all industry best practices are adhered to in order to achieve the optimum benefit from the drilling and convert the Coal Resources to a Measured category so that Coal Reserve estimation can be achieved.

The Plant 1 mining right should be amended to include coal if Brikor envisages mining Coal at Plant 1.

Mining

It is recommended to improve the level of detail of the mine planning to be able to declare SAMREC compliant Mineral Reserves or Coal Reserves.

The mine planning must be at least at a PFS level and must include diluting material and allowances for losses which may occur when the material is mined or extracted. In addition, the mine planning should report all tonnes, qualities and Mineral or Coal Resource categories from the Mineral or Coal Resource model. This is required to justify that the tonnes, qualities and Mineral or Coal Resource categories reported are aligned to the Mineral Resource or Coal Resource.

Valuation

In order to truly reflect the value of the company a DCF valuation needs to be completed. It is therefore recommended to present a compliant mine plan to enable a complete valuation of the company based on the DCF method.

"Every financial decision should be driven by what you value"

David Bach

ANNUAL FINANCIAL STATEMENTS



■ ■ CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Page

144	Statement by the CEO and Financial Director
145	Statement of responsibility and approval by the directors
146	Certification by Company Secretary
147	Report of the Audit and Risk Committee
156	Directors' report
163	Independent auditor's report
168	Consolidated and separate statements of financial position
169	Consolidated and separate statements of profit or loss and other comprehensive income
170	Consolidated and separate statements of changes in equity
171	Consolidated and separate statements of cash flows
172	Notes to the consolidated and separate financial statements

Brikor Limited has been established and incorporated in compliance with the provisions of the Companies Act of South Africa and operates in conformity with its Memorandum of Incorporation.

The consolidated and separate financial statements have been audited in compliance with Section 30 of the Companies Act of South Africa.

AUDITORS

Nexia SAB&T
Registered Auditors

PREPARER

The consolidated and separate financial statements for the year ended 28 February 2021 were prepared by Ms Joaret Botha CA(SA), Financial Director.

PUBLISHED

31 May 2021

STATEMENT BY THE CEO AND FINANCIAL DIRECTOR

In compliance with paragraph 3.84(k) of the JSE Listings Requirements

The directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements set out on pages 145 to 235, fairly present in all material respects the financial position, financial performance and cash flows of Brikor in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to Brikor and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the Financial Director



Garnett Parkin
CEO



Joaret Botha
Financial Director

STATEMENT OF RESPONSIBILITY AND APPROVAL BY DIRECTORS

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors 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 to ensure an acceptable level of risk. These controls are monitored throughout the Group and the Company and all employees are required to maintain the highest ethical standards in ensuring the Group and the Company's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group and the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and the Company. While operating risk cannot be fully eliminated, the Group and the Company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and the Company's Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and the Company's integrated reporting.

The King IV Code™ of Corporate Governance has been integrated into the Group and the Company's strategies and operations.

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

Should an event arise where the directors are not satisfied with the internal financial controls, the directors will disclose to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and will take the necessary remedial action. During the reporting period, the directors were satisfied with the internal financial controls and no remedial action was required.

The directors have reviewed the Group and the Company's cash flow forecasts for the year to 28 February 2022 and, in the light of this review and the current financial position, they are satisfied that the Group and the Company have or have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board of Directors and Committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the Group and the Company's financial statements. The consolidated and separate financial statements have been examined by the Group and the Company's external auditors and their report is presented on pages 163 to 167.

The consolidated and separate financial statements set out on pages 168 to 235, which have been prepared on the going concern basis, were approved by the Board of Directors on 27 May 2021 and were signed on its behalf by:



Garnett Parkin
CEO



Joaret Botha
Financial Director



CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary as at 28 February 2021, I hereby certify that for the year ended 28 February 2021, the Company has filed all such returns and notices as required by the Companies Act, no 71 of 2008, and that all such returns and notices appear to be true, correct and up to date.

A handwritten signature in black ink, appearing to be 'Melinda Gous'.

Fusion Corporate Secretarial Services (Pty) Ltd

Represented by: Melinda Gous

27 May 2021

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the Committee) has pleasure in submitting this report, describing how it discharged its duties assigned in terms of the Companies Act, and additional duties assigned to it by the Board of Directors, in respect of the financial year ended 28 February 2021.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Committee is constituted as a statutory committee of the Company in respect of its statutory duties as stipulated in section 94(7) of the Companies Act and is a committee of the Board in respect of all other duties assigned to it by the Board, as contemplated in the King Code (King IV™).

At the Annual General Meeting held on 6 November 2020, the resolutions pertaining to the appointment of the members of the Committee being Mr Steve Naudé (Chairperson) and Ms Mamsy Mokate were passed by the requisite majority of shareholders. Mr Dries Ferreira's appointment as an Independent Non-Executive Directors was not ratified by the requisite majority of shareholders. As announced on SENS on 14 December 2020, Mr Kinney Moremoholo was appointed as an Independent Non-Executive Director and as a member of the Audit and Risk Committee. On 28 May 2021, it was with great sadness that the Board advised shareholders of the untimely passing of Mr Kinney Moremoholo on 27 May 2021. The Board and management bid Kinney farewell and extend their condolences to his family. We thank him for his valuable contribution to the Board and the Audit and Risk Committee.

At the date of publication of the annual financial statements, the Committee therefore comprised two skilled and experienced, independent non-executive members appointed by the Board. As required by the Companies Act, resolutions pertaining to the appointment of the members of the Audit and Risk Committee will be presented to shareholders for approval at the Annual General Meeting to be held on 25 August 2021. In terms of the Companies Act and Brikor's Memorandum of Incorporation, the Board will commence with the process of appointing a suitably skilled and qualified independent non-executive director, who will also be appointed as a member of the Audit and Risk Committee within 40 business days.

The Committee meets at least three times a year. In terms of the JSE Listings Requirements, a representative of the Company's Designated advisor attends all Audit and Risk Committee meetings. The Financial Director, executive directors and other members of management attend the Committee meetings by invitation.

The attendance at meetings during the period 1 March 2020 to 28 February 2021 was as follows:

	20 May 2020	2 Jun 2020	15 Jun 2020	26 Jun 2020	14 Jul 2020	8 Oct 2020	18 Feb 2021
MEMBERS							
Steve Naudé (Chairperson) ¹	P	P	P	P	P	P	P
Mamsy Mokate (Independent Non-Executive Director) ²	P	P	P	P	P	P	P
Kinney Moremoholo (Independent Non-Executive Director) ³	N/A	N/A	N/A	N/A	N/A	N/A	P
Dries Ferreira (Independent Non-Executive Director) ⁴	P	P	P	P	P	P	R
INVITEES							
Allan Pellow (Chairperson of the Board)	P	P	P	P	P	P	P
Garnett Parkin (Chief Executive Officer)	P	P	P	P	P	P	P
Joaret Botha (Financial Director) ⁵	N/A	N/A	N/A	N/A	P	P	P
Laura Craig (Chief Financial Officer) ⁶	P	P	N/I	N/I	P	R	R
External auditors (NEXIA SAB&T)	P	P	N/I	N/I	P	P	P
Irene Botha (Graphiculture (Pty) Ltd)	N/I	N/I	N/I	N/I	P	N/I	N/I
Designated Advisor (Exchange sponsors)	P	P	P	P	P	P	P
COMPANY SECRETARY							
Company Secretary (Fusion Corporate Secretarial Services (Pty) Ltd)	P	P	P	P	P	P	P

¹ Appointment confirmed by shareholders on 6 November 2020

² Appointment confirmed by shareholders on 6 November 2020

³ Appointed by the Board on 14 December 2020; passed away on 27 May 2021

⁴ Resigned on 6 November 2020

⁵ Appointed as Financial Director on 29 June 2020

⁶ Resigned with effect from 31 July 2020

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

ROLE AND RESPONSIBILITIES – TERMS OF REFERENCE

The Committee's role and responsibilities are governed by a formal Charter as approved by the Board. The Charter is subject to an annual review by the Board. A copy of the Charter can be obtained at the Company's registered office.

The Committee's duties and responsibilities are outlined below.

The Committee shall:

- review its Charter annually;
- annually consider the performance of the Group Financial Director or equivalent appointee;
- review significant cases of employee conflicts of interest, misconduct or fraud;
- consider other topics as defined by the Board from time to time and to investigate any activity, which the Committee, in its sole discretion, considers falling within the scope of its powers;
- review compliance with legal, statutory and regulatory matters and any current or pending litigation or regulatory proceedings in which the Company is involved in any way, as well as to review significant transactions not directly related to the Company's normal business which the Committee might deem appropriate;
- assist directors to discharge their duties relating to the safeguarding of assets, the operation of adequate financial systems and controls and the reviewing of financial information and preparation of annual financial statements which shall be provided to shareholders and other stakeholders; and
- address appropriately any complaints (internal or external) relating either to the accounting practices and internal audit of the Group or to the content or auditing of its financial statements, or to any related matter; and
- assume all roles and performs all duties on behalf of Ilangabi Investments 12 (Pty) Ltd, Brikor's wholly-owned subsidiary.

Role of the Chairperson of the Audit and Risk Committee

- The Chairperson of the Audit and Risk Committee should participate in setting and agreeing to the items included in the agendas of meetings in conjunction with the Committee Secretary.
- The Chairperson of the Audit and Risk Committee must review and approve the Audit and Risk Committee minutes prior to distribution. The minutes must be formally approved by the Audit and Risk Committee at its next scheduled meeting.
- The Chairperson of the Audit and Risk Committee must report to the Board of Directors after each meeting of the Audit and Risk Committee on matters discussed and decisions taken by the Committee.
- At the very least, the Chairperson of the Audit and Risk Committee shall attend the Board meeting at which the annual financial statements are approved.
- The Chairperson is responsible for the smooth running of meetings, for ensuring that the views of each member are heard, and that sufficient time is devoted to each matter tabled for discussion.
- The Audit and Risk Committee Chairperson has the power to call a Committee meeting whenever he or she deems it necessary.
- The Chairperson of the Audit and Risk Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on Committee issues.

Combined assurance

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee must:

- provide an open avenue of communication between the internal auditors, external auditors and the Board;
- ensure that the combined assurance received is appropriate to address all the significant risks facing the Company;
- monitor the relationship between the external assurance providers and the Company;
- review with the Group Internal Audit Executive and the representative of the external auditors the co-ordination of audit effort to ensure completeness of coverage, reductions of redundant efforts and the effective use of audit resources; and

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

- review the following with the internal and external auditors:
 - the adequacy and effectiveness of the Company's internal controls including computerised information system controls and security;
 - the quality of financial information produced to ensure integrity and reliability; and
 - the results of their review of the Company's monitoring of compliance with the Company's internal policies and procedures.

Risk management

The Committee is an integral component of the risk management process and, specifically, the Committee must oversee:

- financial reporting risks;
- internal financial controls;
- fraud risks as it relates to financial reporting; and
- IT risks as it relates to financial reporting.

The Committee will perform all the functions as is necessary to fulfil its role as stated afore and including the following:

- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- King IV™ practice notes;
- make recommendations to the Board concerning the levels of tolerance and appetite, and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- oversee that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company;
- ensure that risk management assessments are performed on a continuous basis;
- ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensure that management considers and implements appropriate risk responses;
- ensure that continuous risk monitoring by management takes place;
- express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management;
- review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant; and
- assess IT risks and controls, business continuity and data recovery relating to IT and information security and privacy.

Internal audit

The Group does not currently have an Internal Audit function and stakeholders are referred to page 154 for further information in relation to steps being taken in this regard.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

External auditors and the external audit

The audit partner in charge of the external audit and head of internal audit shall have unrestricted access to the Chairperson of the Committee in relation to any matter falling within the ambit of the Committee.

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the committee must:

- nominate an external registered auditor who, in the opinion of the Committee, is independent of the Company for appointment by the shareholders;
- recommend to the Board of Directors the terms of engagement and remuneration for the external audit engagement;
- monitor and report on the independence of the external auditor in the annual financial statements;
- determine the nature and extent of non-audit services provided by the external auditor;
- pre-approve contracts for non-audit services to be rendered by the external auditor;
- ensure that there is a process for the Committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor; and
- review the quality and effectiveness of the external audit process.

In general, the Committee shall oversee the external audit function, which shall include:

- reviewing and discussing the scope of the statutory audit;
- satisfying itself that the audit plan makes provision for effectively addressing the critical risk areas in the business;
- reviewing the management letter and management's response thereto;
- considering problems, reservations and observations arising from the external auditors' interim and final audit;
- considering differences of opinion between management and auditors, including unrecorded errors or differences found by the external auditors; and
- evaluating the performance of external auditors and the audit fee.

Financial statements and results

The Committee oversees integrated reporting, and in particular the Committee must: –

- have regard to all factors and risks that may impact on the integrity of the Integrated Annual Report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls with regard to:
 - accounting policies adopted and any changes in accounting policies and practices;
 - significant financial estimates based on judgement which are included in the financial statements;
 - the appropriateness of major adjustments processed at the interim and at year-end;
 - the going concern assumption;
 - compliance with accounting standards, local and international;
 - whether the annual financial statements present a balanced and understandable assessment of the Company's position, performance and prospects; and
 - the directors' statement to be included in the annual financial statements including the statement on effectiveness of the systems of internal control;

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

- review the disclosure of sustainability issues in the Integrated Annual Report to ensure that it is reliable and does not conflict with the financial information;
- recommend to the Board whether or not to engage an external assurance provider on material sustainability issues;
- recommend the Integrated Annual Report for approval by the Board;
- consider the frequency for issuing interim results;
- consider whether the external auditor should perform assurance procedures on the interim results;
- review the content of the summarised information for whether it provides a balanced view; and
- engage the external auditors to provide assurance on the summarised financial information.

The Committee shall receive and deal appropriately with any complaints (whether from within or outside the Company) relating either to the accounting practices and internal audit of the Company or to the content or auditing of its financial statements, or to any related matter.

The functions set out under financial statements and results shall also be performed in respect of each subsidiary company of Brikor that has not appointed an Audit and Risk Committee, provided that the Committee may delegate the performance of such functions to sub-Committees of the Audit and Risk Committee, referred to as Financial Review Committees but, notwithstanding such delegation, the Committee shall remain ultimately responsible for the fulfilment of the obligations as set out in the Companies Act.

Internal control

The Committee will consider the effectiveness of the Group's systems of internal control which includes management's responsibility for:

- maintaining proper and adequate accounting records;
- controlling the overall operational and financial reporting environment; and
- safeguarding the Group's assets against unauthorised use or disposal.

Investigations

The Committee will ensure that management directs and supervises investigations into and reports on matters within its scope, for example, breakdowns in internal control, cases of employee fraud, misconduct or conflict of interest.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

AUDIT AND RISK COMMITTEE'S ACTIVITIES AND DECISIONS TAKEN

AUDIT	
Auditor independence and rotation	- The Committee considered the external auditor's independence and confirmed their independence. - In assessing the suitability of the reappointment of Nexia SAB&T and the audit partner, Ms Aadila Aboobaker, the Committee assessed the information provided by Nexia SAB&T as required per paragraph 22.15(h) of the JSE Listings Requirements. - The Committee recommended the reappointment of Nexia SAB&T as auditors, with Ms Aadila Aboobaker as the audit partner, for the ensuing year to shareholders for approval at the Annual General Meeting to be held on 25 August 2021. - The external auditor and the designated audit partner are accredited by the JSE. - The external auditors have unrestricted access to the Committee and its Chairperson with a view to ensuring that their independence is not impaired.
External audit scope and budget	- Approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors. - No non-audit services were provided by the external auditors during the 2021 financial year.
Quality of external audit	The quality of the audit has been of a high standard with independence and objectivity always at the forefront.
Approval of annual and interim financial statements	- Considered the accounting treatments and the appropriateness of the accounting policies. The accounting policies applied in the 2021 financial statements are consistent with those applied in the prior year. - Reviewed a documented assessment by management of the going concern premise of the Company and the Group before recommending to the Board that the Company and the Group will be going concerns in the foreseeable future. - Met separately with management and external auditors and was satisfied that there were no material control weaknesses. - Reviewed the representation letter relating to the consolidated and separate financial statements. - Previous reportable irregularities pertaining to the non-submission of annual tax returns, as required by the Income Tax Act, No 58 of 1962, and non-compliance with section 30 of the Companies Act in terms of preparing and approving of the statutory annual financial statements within six months after the end of its financial year of the individual annual financial statements have been finalised and audited. The 2021 financial statements, therefore, contain no reportable irregularities. - Ensured that appropriate financial reporting procedures exist and are working, which included consideration of all entities included in the consolidated financial statements, and confirmed that the Committee had access to all Brikor's financial information to confirm the effective preparation and reporting of the Group and Company's financial statements. - Examined the interim and annual financial information made public, prior to their approval by the Board.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

AUDIT (continued)	
JSE Proactive Monitoring Panel	- Considered: - the 2020 JSE Report on Proactive Monitoring issued on 19 February 2021, including Annexure 3; - the Investment Property: Common Findings Report, issued on 4 November 2020; - the following section from the Combined Findings Report: - Going concern; - Statement of cash flows; - Income taxes; - Related party disclosures; - Impairment of assets; and - Fair value measurement; - the following JSE COVID-19 letters: - Financial reporting, issued April 2020; - Reflecting on the impact of COVID-19 in financial results, issued May 2020; and - Effective communication with investors, issued September 2020; - the IASB COVID-19 documents: - Going concern – a focus on disclosure; and - Applying IFRS Standards in 2020 – impact of COVID-19, and has taken the appropriate action to apply the findings. - The Committee noted that the JSE has notified Brikor that the 2021 annual financial statements have been selected for review.
Finance function and internal controls	- Obtained assurances from the external auditors that adequate accounting records were being maintained. - The Committee noted the summarised deficiencies identified by external audit, external audit's recommendations in this regard, management's responses thereto and the progress made. None of the internal control deficiencies identified were considered material. It was, however, noted that management was considering the useful life of assets and the depreciation thereof. - Established that Brikor has appropriate financial reporting procedures in place and that those procedures are operating.
Financial Director and finance function	- Ms Joaret Botha CA(SA) was appointed as Financial Director on 29 June 2020. - The Committee confirms that it has satisfied itself of the appropriateness of the experience and expertise of Ms Joaret Botha. - The Committee considered the appropriateness of the expertise and adequacy of resources of the Company's finance function and the experience of the senior members of management responsible for the finance function and concluded these were appropriate.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

AUDIT (continued)	
Internal audit	- Continuously reviewed the requirement and the necessity to appoint internal auditors, measured against affordability for the Company in its current form. - It is confirmed that no Chief Audit Executive was appointed. - The former Internal Control Manager is not a Chartered Accountant and management decided to apply her skill elsewhere where she was more effective. - The Committee noted the increased need for an internal auditor appointment. The position need not be a permanent appointment, but an external service provided that could conduct internal control assessments twice a year. Management's proposal in this regard is being considered. - The Board as a whole remains responsible for the assessment of the appropriateness of internal controls. There has been nothing material to report during the reporting period. - An Internal Audit Plan and Policy are in the process of being developed.
Lifting of the suspension	Following the finalisation of the outstanding statutory annual financial statements of the subsidiary and the Brikor Company, the suspension of Brikor's listing was lifted by the JSE on 23 July 2020.
Solvency and liquidity	A detailed analysis of the solvency and liquidity of the Company and the Group was performed, being cognisant of the impact on the Group of the COVID-19 pandemic and the implementation of the Disaster Management Act by government.
RISK	
Policies on risk management	- The Committee reviewed the Risk Management Policy and remained satisfied with it. - The Committee was advised that management engaged with consultants to assist in converting the current risk register to ensure ISO31000 and COSO compliance for the Group. - An internal control framework would be developed, based on the updated risk register. - It was decided that the Financial Director would be the custodian of the risk register with the assistance of the risk controller.
Legal risk	- The Committee was satisfied that there has been no material non-compliance with laws and regulations. - The Committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the reporting period. - Refer to note 28 – Contingencies for disclosure relating to pending court cases.
Financial risk	Refer to note 33 in the financial statements for full disclosure on financial risks.
COVID-19	The Committee was satisfied with management's performance and measures implemented to combat the impact and associated risks of the COVID-19 pandemic.
Compliance with legal and regulatory responsibilities	- Reviewed compliance with legal and regulatory responsibilities. - The process of aligning certain policies and procedures with King IV™ is ongoing.
ASSURANCE	
Combined assurance	The Group adopted a five-tiered approach in respect of combined assurance, comprising management-based assurance, risk and compliance-based assurance, internal assurance and external assurance with Board and oversight sub-Committees as the fifth line of defence.
GOVERNANCE	
Charter of the Audit and Risk Committee	The Committee's Charter was reviewed and amended to provide for a minimum of three meetings per year.
Evaluation of the effectiveness and constitution of the Committee	The Committee remained satisfied with the ongoing independence, skills, experience and qualifications of the Committee members.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2021

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

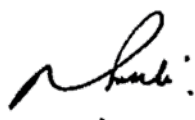
Following the review by the Committee of the consolidated and separate annual financial statements of Brikor for the year ended 28 February 2021, the Committee is of the view that, in all material aspects, it complies with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly presents the financial position at that date and the results of its operations and cash flows for the reporting period.

The Committee has also satisfied itself as to the integrity of the remainder of the Integrated Annual Report.

The Committee recommended the consolidated and separate financial statements for the year ended 28 February 2021 for approval to the Board on 20 May 2021.

CONCLUSION

The Report of the Audit and Risk Committee was approved by the Board on 27 May 2021.



Steve Naudé

Chairperson of the Audit and Risk Committee

■ ■ DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the Group and the Company, which forms part of the consolidated and separate annual financial statements for the year ended 28 February 2021. The consolidated and separate financial statements presented on pages 168 to 235 set out fully the financial position, results of operations and cash flows of the Group and the Company for the financial year ended 28 February 2021.

NATURE OF BUSINESS

Brikor, which listed on the AltX in August 2007, is a manufacturer of building and construction materials used across a broad spectrum of the market from low-cost housing, residential to commercial, industrial, civil engineering and infrastructure projects and has a Bricks segment and a Coal segment (operating through its wholly-owned subsidiary, Ilangabi Investments 12 (Pty) Ltd).

AUTHORISED AND ISSUED STATED CAPITAL

There were no changes to the authorised and issued ordinary no par value shares during the reporting period.

Brikor holds 15 900 000 ordinary no par value shares of its own issued shares. The shares are held as treasury shares by the Brikor Share Incentive Scheme Trust.

At the last Annual General Meeting held on 6 November 2020 the directors were authorised under general authority to allot and issue ordinary shares in the capital of the Company for cash as and when suitable situations arise and only if certain conditions are met.

SPECIAL RESOLUTIONS AND NON-BINDING ADVISORY RESOLUTIONS

Special resolution 1

The resolution granting the Company authority to repurchase its own shares was not passed by the requisite majority of shareholders.

Special resolution 2

The resolution in respect of the retrospective payment of non-executive directors' fees was passed by the requisite majority of shareholders.

Special resolution 3

The resolution in respect of payment of non-executive directors' fees for a two-year period from the date of the Annual General Meeting held on 6 November 2020 was passed by the requisite majority of shareholders.

Special resolutions number 4 and 5

The requisite majority of shareholders did not pass the resolutions authorising the directors under special resolution to:

- provide financial assistance to any company or corporation which is related or inter-related to the Company in terms of section 45 of the Companies Act, subject to compliance with the requirements of the Company's constitutional documents and the Companies Act; and
- provide financial assistance to any company or corporation which is related or inter-related to the Company in terms of section 44 of the Companies Act, subject to compliance with the requirements of the Company's constitutional documents and the Companies Act.

No other special resolutions were passed by the Company's shareholders, which would affect the understanding of the Group.

Directors' report

continued

for the year ended 28 February 2021

Non-binding advisory resolutions

The non-binding endorsements of Brikor's Remuneration Policy and Remuneration Implementation Report were passed by 59,87% of shareholders present and represented by proxy, with 40,13% being dissenting votes in respect of each of the non-binding advisory resolutions. Details of engagements with dissenting shareholders are disclosed in the Report of the Remuneration Committee.

DIVIDENDS

No dividends were declared or paid during the reporting period (F2020: Rnil).

DIRECTORS AND COMPANY SECRETARY

The directors of the Company at the date of this report are shown below.

Name	Designation	Date of appointment	Date of resignation
Allan Pellow	Independent Non-Executive Chairperson	21 February 2018	
Mamsy Mokate	Lead Independent Director	12 April 2017	
Garnett Parkin	Chief Executive Officer	20 February 2007	
Joaret Botha	Financial Director	29 June 2020	
Dries Ferreira	Independent Non-Executive Director	22 October 2019	6 November 2020
Tanya Hendry	Non-Executive Director	22 October 2019	6 November 2020
Norman Hornby	Non-Executive Director	22 October 2019	6 November 2020
Kinney Moremoholo	Independent Non-Executive Director	14 December 2020	Passed away on 27 May 2021
Steve Naudé	Independent Non-Executive Director	22 October 2019	
AP van der Merwe	Non-Executive Director	11 November 2015	6 November 2020

In terms of the Company's Memorandum of Incorporation, Mr Allan Pellow and Mr AP van der Merwe retired by rotation at the Annual General Meeting held on 6 November 2020. Mr Allan Pellow was re-appointed by shareholders and Mr AP van der Merwe did not offer himself for re-election by shareholders. The appointments of Mr Dries Ferreira, Ms Tanya Hendry and Mr Norman Hornby were not ratified by shareholders.

On 14 December 2020, the Board appointed Mr Kinney Moremoholo as an Independent Non-Executive Director. As announced on SENS on 28 May 2021, Mr Moremoholo sadly passed away on 27 May 2021.

Ms Mamsy Mokate is set to retire by rotation at the Annual General Meeting to be held on 25 August 2021 and, being eligible, offers herself for re-election as a director of the Company.

A resolution to re-appoint Ms Mamsy Mokate as a director of the Board will be presented to shareholders at the Annual General Meeting to be held on 25 August 2021. Resolutions to confirm the appointments of Mr Steve Naudé (Chairperson) and Ms Mamsy Mokate (subject to her re-election as a director) as members of the Audit and Risk Committee, will be presented to shareholders at the Annual General Meeting to be held on 25 August 2021.

In terms of the Companies Act and Brikor's Memorandum of Incorporation, the Board will commence with the process of appointing a suitably skilled and qualified independent non-executive director, who will also be appointed as a member of the Audit and Risk Committee within 40 business days. Should an appointment be made before 25 June 2021, being the date of publication of the Integrated Annual Report and Notice of Annual General Meeting, a resolution regarding such appointment would be presented to shareholders at the Annual General Meeting to be held on 25 August 2021.

Fusion Corporate Secretarial Services (Pty) Ltd is the Company Secretary of Brikor.

Directors' report

continued

for the year ended 28 February 2021

ANALYSIS OF SHAREHOLDING

as at 26 February 2021

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	556	49,87	118 570	0,02
1 001 – 10 000 shares	286	25,65	1 146 912	0,18
10 001 – 100 000 shares	169	15,16	8 021 205	1,24
100 001 – 1 000 000 shares	77	6,91	20 951 668	3,25
1 000 001 shares and over	27	2,42	615 003 676	95,31
	1 115	100,00	645 242 031	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	13	1,17	1 391 507	0,22
Close Corporations	9	0,81	141 406	0,02
Endowment Fund	1	0,09	8 000	0,00
Nominees and Trusts	33	2,96	210 616 045	32,64
Other Corporations	6	0,54	1 319 744	0,20
Private Companies	12	1,08	6 165 594	0,96
Retail Investors	1 040	93,27	409 699 735	63,50
Share Trust	1	0,09	15 900 000	2,46
	1 115	100,00	645 242 031	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	10	0,90	560 017 887	86,79
Directors and associates of the Company holdings	1	0,09	107 513 550	16,66
Share Trust	1	0,09	15 900 000	2,46
Strategic holdings	3	0,27	343 169 260	53,18
Related holdings	5	0,45	93 435 077	14,48
Public shareholders	1 105	99,10	85 224 144	13,21
	1 115	100,00	645 242 031	100,00

	Number of shares	%
Beneficial shareholders holding 5% or more		
Meiring, EC	130 000 000	20,15
Parkin, G	107 513 550	16,66
The Daniel Parkin Testamentary Trust	107 084 630	16,60
Parkin, E	106 234 630	16,46
Elgar Share Trust	52 689 201	8,17
The Milan Rautenbach Testamentary Trust	35 694 876	5,53
	539 216 887	83,57

Directors' report

continued

for the year ended 28 February 2021

DIRECTORS, ASSOCIATES AND PRESCRIBED OFFICERS' INTEREST IN THE ORDINARY SHARE CAPITAL OF THE COMPANY

Details of the directors, associates and prescribed officers' shareholding are disclosed in note 36 of the consolidated and separate financial statements.

At the reporting date, the directors held an aggregate direct beneficial interest of 16,66% (2020: 19,35%) in the ordinary share capital of the Company. The shares held are not subject to security, guarantees or any collateral. Refer to note 36 – Directors' interest in shares.

The staff of the designated advisor of Brikor held 3 000 000 shares (0,46%) (2020: 3 000 000 shares (0,46%)) directly and indirectly in the ordinary share capital of the Company at the reporting date.

There has been no material change in the directors' interest in the issued share capital between 28 February 2021 and the date of this report.

DIRECTORS AND PRESCRIBED OFFICERS' EMOLUMENTS

Details of the directors and prescribed officers' emoluments are set out in note 31 of the consolidated and separate financial statements.

DIRECTORS' INTEREST IN CONTRACTS

The directors have certified that they had no material interest in any transaction of any significance to the Company or any of its subsidiaries during the reporting period, other than as disclosed in note 30 – Related parties.

CONFLICT OF INTERESTS

No conflicts of interest have been identified.

SUBSIDIARIES

Details of the holding Company's interest in subsidiaries are set out in note 5 of the consolidated and separate financial statements.

BORROWING POWERS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow without limit, as they consider appropriate.

Directors' report

continued

for the year ended 28 February 2021

CORPORATE ACTIVITY DURING THE REPORTING PERIOD

COVID-19 pandemic and lockdown

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices, currency exchange rates and a significant decrease in long-term interest rates.

The South African economy was affected by the news of the first confirmed cases of the virus in the country early in March 2020 and this led to the President of the Republic of South Africa declaring a national disaster on 15 March 2020. The President made a further announcement on 23 March 2020 that the country will effectively be placed in a lockdown from midnight on 26 March 2020 until 16 April 2020, with only essential services permitted to operate during this time. On 9 April 2020, the President announced the extension of the lockdown period by an additional 14 days and a risk-adjusted strategy was announced with various different risk alert levels (alert levels 5 to 1), which the country would follow in the gradual relaxation of lockdown restrictions and return of economic activity.

The Group acted swiftly in ensuring that all the necessary protocols were put in place, as directed by government.

Lifting of suspension and re-listing on the AltX of the Johannesburg Stock Exchange (JSE)

During the reporting period, the Company met all the outstanding JSE Listings Requirements. The most important of these being the finalisation and submission of the statutory annual financial statements for the financial year ended 28 February 2019, of the subsidiary, Ilangabi Investments 12 (Pty) Ltd, and Brikor Company, to the JSE. On 29 June 2020, Ms Joaret Botha CA(SA) was appointed as Financial Director. On 23 July 2020, the suspension of Brikor's listing was uplifted and trading in the Company's shares re-commenced on that date.

LITIGATION

Court case 1 (Group)

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past six years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these consolidated and separate financial statements.

Court case 2 (Group and Company)

As announced on SENS on 27 February 2020, shareholders were advised, that the Company Secretary received a letter and various further e-mail correspondence for the request for a shareholders meeting. The request to call a shareholders meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors applied to the court in terms of section 61(5) of the Companies Act for an order to set aside the request for a shareholders meeting on the grounds that the request is frivolous and/or otherwise vexatious.

Court proceedings have commenced in the High Court of South Africa under Case Number 11622/2020 and court dates are being awaited subsequent to the receipt of an additional request for a shareholders meeting as noted below.

As announced on SENS on 15 and 19 February 2021, the Company Secretary received a letter for the request for another shareholders meeting. The request to call a shareholders meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors will in accordance with the provision of section 61(5) of the Companies Act, apply to court for an order to set aside the request for a shareholders meeting.

Directors' report

continued

for the year ended 28 February 2021

As per note 16, a provision of R1,2 million has been made in respect of legal fees relating to the matter noted above. The case could, however, result in additional future obligations that would require the Group to raise additional cost in respect of legal fees. As a result of uncertainty relating to the timing and amount of potential legal fees that would need to be incurred as well as the resultant outcome of the court case, the exact amount cannot be measured reliably at the date of these consolidated and separate financial statements.

At the reporting date, the litigation in respect of the request during February to call a shareholders meeting was still ongoing. Subsequently, as announced on SENS on 4 May 2021, shareholders were advised that the revised request to call a shareholders meeting had been withdrawn by Ms Elsie Parkin.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Impact of COVID-19

COVID-19 existed globally at the reporting date and is in itself not a subsequent event, however, the continuous extension of the National State of Disaster are events that occurred after the reporting date. The impact of COVID-19 on accounting standards that require the use of forward-looking information was assessed based on information available as at 28 February 2021 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material. The impact of the National State of Disaster and the COVID-19 pandemic was also taken into account in the preparation of budgets and cash flow forecasts as per note 35 – Going Concern.

Acquisition of a 40% shareholding in Zingaro Holdings (Pty) Ltd

As announced on SENS on 3 March 2021, Brikor has entered into a written agreement on 2 March 2021 to acquire 40% of the issued shares of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021 ("Effective Date") ("the Transaction").

Rationale for the Transaction

Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles.

Zingaro is well-positioned with a substantial market share. Zingaro also specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment.

Numerous synergies exist between Brikor and Zingaro and the Board of directors of Brikor believes these potential synergies will result in additional income and profit opportunities for the combined group.

Salient terms of the Transaction

Brikor acquired 40% of all the ordinary shares in Zingaro from the Sellers for a purchase consideration of R50 000 000, which purchase consideration shall be discharged:

- as to the amount of R28 950 000 thereof, by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up; and
- as to the balance, being an amount of R21 050 000, by Brikor crediting the said amount of R21 050 000 to the loan account of the Sellers in the books of account of Brikor which loan accounts ("the Subject Loan") shall:
 - bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the Effective Date until the date upon which the Subject Loan has been repaid in full to the Sellers; and
 - be paid in monthly instalments of R500 000 each (including capital and interest), it being agreed that the amount of the Subject Loan outstanding as at the fifth anniversary of the Effective Date shall be paid by Brikor to the Sellers within 10 business days after the fifth anniversary of the Effective Date. In addition, Brikor has the right to repay the outstanding Subject Loan from time to time in greater instalments and more frequently.

Directors' report

continued

for the year ended 28 February 2021

The Sellers have granted Brikor an irrevocable right and option from the Effective Date until 30 April 2023 to call the remaining 60% shareholding in Zingaro from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up.

The Transaction is unconditional in all respects.

JSE Pro-active Monitoring Panel

The Board reviewed the recommendation of the Audit and Risk Committee in terms of the content of the reports from the JSE Pro-active Monitoring Panel, the last of which was released on 19 February 2021, together with the additional documents outlined in the Annexure 3 to this report. The Board confirmed that there were no instances of contravention in relation to these consolidated and separate financial statements.

Other

Other than as disclosed above and in these consolidated and separate financial statements, the Board is not aware of any material events which occurred subsequent to the year ended 28 February 2021 and which need adjustment or disclosure.

STATEMENT ON GOING CONCERN

The Group incurred a profit for the year ended 28 February 2021 of R12 million (2020: R1,5 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R80,5 million (2020: R68,5 million). Furthermore, the Group is liquid as current assets exceeded current liabilities by R22,9 million (2020: R 25,1 million).

The Company incurred a loss for the year ended 28 February 2021 of R0,2 million (2020: R4,4 million) and as of that date the Company is solvent as the total assets exceeded the total liabilities by R45,4 million (2020: R45,5 million). Furthermore, the Company is liquid as current assets exceeded current liabilities by R9,8 million (2020: 15,7 million).

The directors considered the financial performance of the Group and Company to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. The budgets and cash flow forecast allow for best estimates and assumptions, inter alia, the return of sales volumes and prices to levels achieved during the last six months of the 2021 financial year.

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the Group and Company's ability to continue as going concerns. The directors believe that the COVID-19 pandemic will not have a material impact on the business activities of the Group or Company, due to the Group and Company achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid. Based on the above, no material uncertainties have been identified in relation to the ability of the Group and Company to remain going concerns for at least the next twelve months. The directors thus believe that the Group and Company are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

AUDITORS

At the Annual General Meeting held on 6 November 2020, shareholders approved the appointment of Nexia SAB&T, with Ms Aadila Aboobaker as the designated audit partner. Nexia SAB&T has indicated their willingness to continue in office for the 2022 financial year. The Audit and Risk Committee has satisfied itself of the independence of the auditors and the designated audit partner, Ms Aadila Aboobaker.

A resolution to re-appoint Nexia SAB&T, as auditors, and Ms Aadila Aboobaker as designated audit partner, will be proposed at the next Annual General Meeting scheduled to take place on 25 August 2021.

■■ INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BRIKOR LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Brikor Limited and its subsidiaries (the Group) set out on pages 168 to 235 which comprise the consolidated and separate statement of financial position as at 28 February 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Provision for Environmental Rehabilitation (Consolidated and Separate KAM)	
At 28 February 2021 the environment rehabilitation provision amounted to R54 million (R52 million classified as non-current liabilities, R2 million classified as assets and liabilities held for sale) in the consolidated financial statements, and R34 million (R32 million classified as non-current liabilities and R2 million classified as assets and liabilities held for sale) in the separate financial statements. The group undertakes certain mining activities, in addition to its manufacturing activities, that gives rise to the need to provide for the future rehabilitation of environmental damage caused from its operations. There are numerous sites which the group's operations are spread and provision for rehabilitation costs are made on all these sites. There is a risk that not all sites are identified for inclusion in the provision and that all the sites identified are not provided for. The determination of the provision is based on judgements and assumptions made by management in estimating the future rehabilitation cost, which were based on the group's environmental management plans and determination of the life-of-mine. Management has appointed independent environmental and quantity surveying experts to assist with these assumptions and calculations. The auditing of the environmental rehabilitation provision is complex due to the significance as well as high estimation uncertainty of the provision.	Our audit procedures included, amongst others, obtaining an understanding over the Group's process to estimate the environmental rehabilitation provisions. We also: • We assessed the professional competence, objectivity and independence of managements experts, • We assessed whether the group's environmental rehabilitation provision was consistent with the group's environmental management plans and the applicable laws and regulations, • We tested the completeness of the sites included in the provision for environmental rehabilitation by ensuring that the calculation included provisions in respect of each of the groups mining rights, including dormant sites, • We agreed the disturbed areas that require rehabilitation, per site to the reports from the quantity surveyor and the independent expert, • We challenged the assumptions made by management in their calculation of the environmental rehabilitation by comparing key inputs and assumptions to external data sources and our own expectations based on our knowledge and experience of the industry, and • We evaluated whether the accounting treatment applied in determining the provision for environmental rehabilitation, the recognition of movement for the year and the related disclosures were in accordance with the applicable financial reporting framework. We considered the group's environmental rehabilitation provision to be appropriate and no material inconsistencies were identified.

Independent auditor's report

continued

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of the Deferred Tax Asset (Consolidated and Separate KAM)	
At 28 February 2021 the deferred tax asset amounted to R27 million classified as non-current assets in the consolidated financial statements and in the separate financial statements. The group has recognised as a deferred tax asset to the extent that it is probable that the historical calculated tax losses will be realised over the next few years. Assessing the recoverability of the deferred tax asset required the group to make significant estimates related to the amount and timing of future taxable income. Estimates of future taxable income were based on cash flow forecasts, the reversal of temporary differences and the application of existing tax laws. Key assumptions used by management in the future cash flow budgets include the expected effects of the COVID-19 Pandemic. Due to the significant judgement and inherent uncertainty involved in estimating future taxable income which determines the extent to which the deferred tax asset is recognised, the recoverability of the deferred tax asset was considered.	Our audit procedures included: • We assessed the reasonability of future taxable profits and the utilisation of the deferred tax asset by: – Obtaining the approved budgets for the next financial year and critically assessing the assumptions used in the determination of the estimated future taxable income in relation to our knowledge of the group and the industries in which it operates, – Evaluating the assumptions that the directors applied in extending this budget for the next few years in relation to our industry knowledge and external market data, where available, and – Assessing whether management has considered the possible impact of the COVID- 19 pandemic on its cash flows over the next few years. • We assessed the adequacy of the group's disclosures of significant accounting judgments and estimates in recognising the deferred tax asset in accordance with the applicable financial reporting framework. We considered the group's recoverability of the deferred tax asset to be appropriate. No material inconsistencies were identified.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Brikor Limited Integrated Annual Report 2021" which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report

continued

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 group'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 group'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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

continued

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Brikor Limited for two years.



Nexia SAB&T

Aadila Aboobaker

Director

Registered Auditor

31 May 2021

119 Witch-Hazel Avenue

Centurion

0046

Consolidated and separate STATEMENTS OF FINANCIAL POSITION

at 28 February

		Group		Company	
	Note	2021 R'000	2020 R'000	2021 R'000	2020 R'000
ASSETS					
Non-current assets		121 656	117 750	77 451	73 426
Property, plant and equipment	3	67 060	65 260	39 855	35 787
Intangible assets	4	3 284	3 633	614	661
Investments in and loans to subsidiaries	5	–	–	8 005	7 783
Restricted financial assets	6	23 846	21 166	1 511	1 504
Deferred tax asset	7	27 466	27 691	27 466	27 691
Current assets		76 156	84 536	45 684	53 679
Inventories	8	29 170	44 920	19 495	34 392
Trade and other receivables	9	29 702	31 112	18 397	19 063
Cash and cash equivalents	10	15 287	4 804	7 792	224
Taxation	25	1 997	3 700	–	–
Assets held-for-sale	11	4 461	4 377	4 461	4 377
Total assets		202 273	206 663	127 596	131 482
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company		80 510	68 536	45 362	45 508
Stated capital	12	228 242	228 242	228 242	228 242
Accumulated loss		(147 732)	(159 706)	(182 880)	(182 734)
Total liabilities		121 763	138 127	82 234	85 974
Non-current liabilities		66 228	76 499	44 045	45 861
Lease liability	13	2 171	–	2 171	–
Shareholders' loans	14	6 271	10 657	6 271	10 657
Loans from subsidiaries	5	–	–	3 637	3 637
Provisions for environmental restoration	15	51 767	62 380	31 966	31 567
Deferred tax liability	7	6 019	3 462	–	–
Current liabilities		53 274	59 451	35 928	37 936
Short-term portion of lease liability	13	2 084	–	2 084	–
Shareholders' loans	14	4 386	5 421	4 386	5 421
Trade and other payables	16	40 602	47 235	29 458	32 515
Taxation	25	6 202	5 960	–	–
Bank overdraft	10	–	835	–	–
Liabilities directly associated with the assets held-for-sale		2 261	2 177	2 261	2 177
Total equity and liabilities		202 273	206 663	127 596	131 482

The notes on pages 172 to 235 are an integral part of the consolidated and separate financial statements.



Consolidated and separate STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February

	Note	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue	17	257 914	292 682	144 901	161 214
Cost of sales		(192 934)	(230 151)	(119 373)	(137 372)
Gross profit		64 980	62 531	25 528	23 842
Other income		7 472	6 624	13 077	16 134
Administrative expenses		(36 000)	(40 203)	(25 545)	(29 533)
Distribution expenses		(6 687)	(7 033)	(5 797)	(6 235)
Other expenses		(8 791)	(13 456)	(3 868)	(6 402)
– Expenses		(8 875)	(13 624)	(3 952)	(6 570)
– Impairment reversals	11	84	168	84	168
Operating profit/(loss) before interest and taxation	18	20 974	8 463	3 395	(2 194)
Finance income	19	889	860	248	413
Finance costs	20	(5 601)	(5 549)	(3 564)	(3 466)
Profit/(loss) before taxation		16 262	3 774	79	(5 247)
Taxation	21	(4 288)	(2 236)	(225)	854
Profit/(loss) for the year		11 974	1 538	(146)	(4 393)
Other comprehensive income for the year net of taxation		–	–	–	–
Total comprehensive income for the year attributable to owners of the Company		11 974	1 538	(146)	(4 393)

	2021 cents	2020 cents
EARNINGS PER SHARE		
Basic earnings per share	1,9	0,2
Diluted earnings per share	1,9	0,2

The notes on pages 172 to 235 are an integral part of the consolidated and separate financial statements.

Consolidated and separate STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Group				
Balance at 28 February 2019	244 142	(15 900)	(161 244)	66 998
Total comprehensive income for the year	–	–	1 538	1 538
Balance at 29 February 2020	244 142	(15 900)	(159 706)	68 536
Total comprehensive income for the year	–	–	11 974	11 974
Balance at 28 February 2021	244 142	(15 900)	(147 732)	80 510

Note

12

12

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Company				
Balance at 28 February 2019	244 142	(15 900)	(178 341)	49 901
Total comprehensive loss for the year	–	–	(4 393)	(4 393)
Balance at 29 February 2020	244 142	(15 900)	(182 734)	45 508
Total comprehensive loss for the year	–	–	(146)	(146)
Balance at 28 February 2021	244 142	(15 900)	(182 880)	45 362

Note

12

12

The notes on pages 172 to 235 are an integral part of the consolidated and separate financial statements.

Consolidated and separate STATEMENTS OF CASH FLOWS

for the year ended 28 February

	Note	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities		22 482	5 703	16 410	3 437
Cash generated from operations	24	22 833	12 150	17 575	4 732
Finance income	19	672	461	149	46
Finance costs	20	(1 365)	(1 422)	(1 314)	(1 341)
Net tax received/(paid)	25	342	(5 486)	–	–
Cash flows (to)/ from investing activities		(5 697)	(2 650)	(3 375)	(1 078)
Additions to property, plant and equipment	3	(5 519)	(3 183)	(3 189)	(1 411)
Proceeds on disposal of plant and equipment	3	16	503	16	303
Proceeds on disposal of assets held for sale	11	–	30	–	30
Increases in investments, loans granted	5	–	–	(202)	–
Additions to intangible assets	4	(194)	–	–	–
Cash flows to financing activities		(5 467)	(6 390)	(5 467)	(4 188)
Lease repayments	13	(56)	–	(56)	–
Shareholders' loans and borrowings repaid	14	(5 411)	(6 390)	(5 411)	(4 188)
Net increase/(decrease) in cash and cash equivalents		11 318	(3 337)	7 568	(1 829)
Cash and cash equivalents at beginning of year		3 969	7 306	224	2 053
Cash and cash equivalents at end of year		15 287	3 969	7 792	224

The notes on pages 172 to 235 are an integral part of the consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 28 February 2021

1. ACCOUNTING POLICIES

1.1 PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Brikor Limited is a company domiciled in South Africa. The Company's registered office is 1 Marievale Road, Vorsterskroon, Nigel. The Group is primarily involved in the manufacturing of clay products (bricks) as well as coal and clay mining.

These financial statements contain the consolidated financial statements of Brikor Limited (the Group) and the separate financial statements of Brikor Limited (the Company) for the year ended 28 February 2021. The consolidated financial statements present the financial results of the Company and its subsidiaries (together referred to as the Group or individually as Group entities).

The consolidated and separate financial statements of Brikor Limited were approved on 27 May 2021 and authorised by the Board of Directors for issue on 31 May 2021.

Basis of accounting

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These consolidated and separate financial statements are presented in South African rand, which is the Group's functional currency. All financial information has been rounded to the nearest Rand thousands, except when otherwise indicated.

The consolidated and separate financial statements have been prepared on the historical cost basis, unless otherwise noted.

Details of the Group's accounting policies are detailed below as part of each note to the financial statements. The Group has consistently applied the accounting policies set out below to all periods presented in these financial statements, except for the adoption of new and revised standards and interpretations.

New standards, amendments to standards and interpretations adopted

The Group adopted all the new standards, amendments to standards and interpretations, which are applicable to the Group, with date of initial application of 1 March 2020. The adoption of these standards did not have a material impact on these consolidated and separate financial statements.

1.2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the consolidated and separate financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses.

Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are included in the notes:

- Note 3 – Property, plant and equipment
- Note 7 – Deferred tax asset
- Note 11 – Assets and liabilities classified as held-for-sale and discontinued operations
- Note 15 – Provision for environmental restoration
- Note 28 – Contingencies

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

1. ACCOUNTING POLICIES continued

1.3 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosure require the measurement of fair values, for both financial and non-financial assets and liabilities.

The directors regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the directors assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to and evaluated by the Group's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurements is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – Restricted financial assets at fair value through profit or loss
- Note 11 – Assets and liabilities classified as held-for-sale

1.4 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

2. NEW STANDARDS AND INTERPRETATIONS

2.1 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these consolidated and separate financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Group were in issue but not yet effective and may therefore have an impact on future consolidated and separate financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

IFRS 16 – Leases COVID-19-Related Rent Concessions (Effective date 1 June 2020)

Amendment providing lessees with an exception from assessing whether a COVID19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification. The amendment is not expected to have a material impact on the consolidated and separate financial statements as the current contracts do not include reduce lease payments due on or before 30 June 2021.

IAS 1 – Classification of Liabilities as Current or Non-current (Effective 1 January 2023)

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment is not expected to have a material impact on the consolidated and separate financial statements.

IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (Effective 1 January 2022)

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are not expected to have a material impact on the consolidated and separate financial statements.

IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022)

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are not expected to have a material impact on the consolidated and separate financial statements.

IAS 37 – Onerous contracts: Cost of Fulfilling a Contract (Effective 1 January 2022)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group and Company do not have any onerous contracts as at 28 February 2021 and the amendments are therefore not expected to have a material impact on the consolidated and separate financial statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (Effective date 1 January 2021)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

The Group and Company do not have financial assets or financial liabilities which is directly linked to prime interest rates and the Group and Company do not make use of hedge accounting as at 28 February 2021. The Group therefore does not expect the amendments to have a material impact on the consolidated and separate financial statements.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

continued

IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023)

Amendments to IAS 1 – Presentation of Financial Statements and an update to IFRS Practice Statement 2 – Making Materiality Judgements in order to assist companies to provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Amendments to IFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier. The Group is in the process of evaluating how the amendments would impact its consolidated and separate financial statements for the financial year ending 28 February 2023.

IAS 8 – Definition of Accounting Estimates (Effective 1 January 2023)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty as defined in the Appendix to the 2018 Conceptual Framework. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 – Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective from 1 January 2023 but may be applied earlier. The Group is in the process of evaluating how these amendments would impact its consolidated and separate financial statements for the financial year ending 28 February 2023.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management makes estimates and assumptions concerning the future and the resulting accounting estimates will not always equal the actual results. The estimates, assumptions and judgements that have the most significant effect on property, plant and equipment are discussed below:

Impairment of property, plant and equipment

In accordance with the Group's accounting policy, each asset or cash-generating unit is evaluated every reporting period to determine whether there are any indications of impairment or reversal of previously recognised impairment losses. If any such indication exists, a formal estimate of the recoverable amount is performed. Where the carrying amount exceeds the recoverable amount an impairment loss is recognised. A reversal of previously recognised impairment loss is limited to the lesser of the amount that would not cause the increased carrying amount to exceed (a) its recoverable amount; or (b) the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or cash-generating unit.

The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs of disposal and value-in-use. The determination of fair value and value-in-use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recorded in the income statement.

Mineral reserves and resources estimates

The Group is required to determine and report mineral reserves and resources in accordance with the South African Code for the Reporting of Explorations Results, Mineral Resources and Mineral Reserves (SAMREC Code).

In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of mineral reserves and resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period.

Mineral reserves and resource estimates determined by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may effect the Group's life-of-mine plan, financial results and financial position in a number of ways including the following:

- asset carrying values may be affected due to changes in estimate future cash flows;
- depreciation charged in profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and the timing thereof.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES

Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or, replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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

The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Day-to-day servicing expenses incurred on property, plant and equipment are expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is capitalised.

Deferred stripping

Production stripping cost in a surface mine are capitalised to property, plant and equipment if, and only if, all of the following criteria are met:

- It is probable that the future economic benefit associated with the stripping activity will flow to the Group; and
- The Group can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

If the above criteria are not met, the stripping cost are recognised directly in profit or loss.

The Group initially measures the stripping activity asset at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore.

After initial recognition, the stripping activity asset is carried at cost less accumulated depreciation and accumulated impairment losses. The stripping asset is depreciated on a straight-line basis which is based on current remaining life of mine.

Mine development and infrastructure

Expenditure incurred to evaluate and develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand produce capacity, is capitalised until commercial levels of production are achieved, at which times the costs are depreciated as indicated above.

Development of ore bodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met.

Derecognition

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES continued

Depreciation

Depreciation commences when an asset is available-for-use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and are depreciated over their estimated useful lives.

Land is not depreciated.

Methods of depreciation, remaining useful lives and residual values are reviewed annually. If the expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimate.

The estimated remaining useful lives of property, plant and equipment for current and comparative periods are as follows:

Item	Method	Remaining useful life
Buildings	Straight-line	15 to 23 years
Mineral reserves	Units of production	3 to 13 years*
Plant and equipment	Straight-line	2 to 19 years
Furniture and fixtures	Straight-line	3 to 14 years
Motor vehicles	Straight-line	2 to 8 years

* Based on current production levels and remaining life of mine assessments.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Each combination of plants that, together with its deposition facility, is capable of operating independently is considered to be a cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets is recognised immediately in profit or loss.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets, other than goodwill, is recognised immediately in profit or loss.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES continued

Leases as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into on or after 1 March 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group presents right-of-use assets as part of property, plant and equipment and lease liabilities in 'lease liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Non-current assets held-for-sale

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of *IFRS 5 – Non-current Assets Held-for-Sale and Discontinued Operations*, are met, then those specific assets will be presented separately on the face of the statement of financial position. The assets will be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
Group			
2021			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 333)	1 435
Buildings	34 211	(14 246)	19 965
Plant and equipment	79 042	(40 216)	38 826
Furniture and fixtures	2 787	(1 194)	1 593
Motor vehicles	3 512	(1 928)	1 584
	125 977	(58 917)	67 060
2020			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 283)	1 485
Buildings	33 269	(12 596)	20 673
Plant and equipment	74 051	(37 994)	36 057
Furniture and fixtures	2 370	(876)	1 494
Motor vehicles	3 871	(1 977)	1 894
	119 986	(54 726)	65 260

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
Group							
2021							
Carrying value 1 March 2020	3 657	1 485	20 673	36 057	1 494	1 894	65 260
Additions	–	–	1 225	8 061	443	101	9 830
Disposals *	–	–	–	(994)	(16)	(108)	(1 118)
Depreciation	–	(50)	(1 650)	(4 869)	(328)	(303)	(7 200)
(Decrease)/increase in decommissioning asset	–	–	(283)	571	–	–	288
Carrying value 28 February 2021	3 657	1 435	19 965	38 826	1 593	1 584	67 060
2020							
Carrying value 1 March 2019	3 657	1 596	22 651	39 360	1 301	1 837	70 402
Additions	–	–	–	1 765	502	916	3 183
Disposals	–	–	–	(860)	(39)	(492)	(1 391)
Depreciation	–	(111)	(2 535)	(4 615)	(270)	(367)	(7 898)
Increase in decommissioning asset	–	–	557	407	–	–	964
Carrying value 29 February 2020	3 657	1 485	20 673	36 057	1 494	1 894	65 260

* Assets with a carrying value of R1,1 million were scrapped during the year ended 28 February 2021 and are included as part of disposals above. These assets were not in a working condition and it is not cost effective for these to be repaired.

Cash additions amounted to R5,5 million (2020: R3,2 million), with the remainder relating to the leased assets as noted below.

Right-of-use assets

The Group leases certain production equipment. The lease commenced on 15 January 2021 until 15 January 2023. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.

When measuring the lease liability and right-of-use asset, the Group discounted the lease payments using its incremental borrowing rate at 1 February 2021, being the prime interest rate plus 0,98%. The weighted average rate applied is 7,89% for the lease term. The incremental borrowing rate used is in line with the interest rate relating to the Group's overdraft facility.

Included in plant and equipment is right-of-use assets with a carrying value of R 4,1 million (2020: Rnil) as at 28 February 2021. See note 13 for additional disclosure relating to the lease liability.

Assets constructed for the Group

Included in plant and equipment are assets constructed for the Group. Expenditure incurred by the Group during the year on such assets is included in plant and equipment additions to the value of R1,3 million (2020: R0,3 million).

Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
Company			
2021			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 333)	1 435
Buildings	27 169	(8 086)	19 083
Plant and equipment	29 435	(16 226)	13 209
Furniture and fixtures	2 312	(929)	1 383
Motor vehicles	2 815	(1 727)	1 088
	68 156	(28 301)	39 855
2020			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 283)	1 485
Buildings	26 227	(6 671)	19 556
Plant and equipment	23 840	(15 267)	8 573
Furniture and fixtures	1 919	(676)	1 243
Motor vehicles	3 052	(1 779)	1 273
	61 463	(25 676)	35 787

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

3. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
Company							
2021							
Carrying value 1 March 2020	3 657	1 485	19 556	8 573	1 243	1 273	35 787
Additions	–	–	1 225	5 762	419	101	7 507
Disposals *	–	–	–	(30)	(16)	(48)	(94)
Depreciation	–	(50)	(1 415)	(1 096)	(263)	(238)	(3 062)
Decrease in decommissioning asset	–	–	(283)	–	–	–	(283)
Carrying value 28 February 2021	3 657	1 435	19 083	13 209	1 383	1 088	39 855
2020							
Carrying value 1 March 2019	3 657	1 596	20 423	9 369	1 021	1 383	37 449
Additions	–	–	–	478	470	463	1 411
Disposals	–	–	–	(188)	(39)	(278)	(505)
Depreciation	–	(111)	(1 424)	(1 086)	(209)	(295)	(3 125)
Increase in decommissioning asset	–	–	557	–	–	–	557
Carrying value 29 February 2020	3 657	1 485	19 556	8 573	1 243	1 273	35 787

* Assets scrapped during the year ended 28 February 2021 amounted to R0,08 million and form part of the total disposals indicated above.

Cash additions amounted to R3,2 million (2020: R1,4 million), with the remainder of the additions relating to the leased assets as noted below.

Right-of-use assets

The Company leases certain production equipment. The lease commenced on 15 January 2021 until 15 January 2023. The Company has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.

When measuring the lease liability and right-of-use asset, the Company discounted the lease payments using its incremental borrowing rate at 1 February 2021, being the prime interest rate plus 0,98%. The weighted average rate applied is 7,89% for the lease term. The incremental borrowing rate used is in line with the interest rate relating to the Company's overdraft facility.

Included in plant and equipment is right-of-use assets with a carrying value of R4,1 million (2020: Rnil) as at 28 February 2021. See note 13 for additional disclosure relating to the lease liability.

Assets constructed for the Company

Included in plant and equipment are assets constructed for the Company. Expenditure incurred by the Company during the year on such assets is included in plant and equipment additions to the value of R1,1 million (2020: Rnil).

Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

4. INTANGIBLE ASSETS

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Mineral reserves and resources estimates

The Group is required to determine and report mineral reserves in accordance with the South African Code for the Reporting of Explorations Results, Mineral Resources and Mineral Reserves (SAMREC Code).

In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quality and/or grade of mineral resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require some complex and difficult geological judgements and calculations to interpret the data.

Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period.

Mineral reserves and resource estimates determined by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may affect the Group's life-of-mine plan, financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimates and future cash flows;
- depreciation charged in the profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and the timing thereof.

ACCOUNTING POLICIES

Recognition and measurement

Mining right intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Costs include expenditure that is directly attributable to the acquisition of the mining right and preparing the asset for its intended use.

The expenditure capitalised includes application and registration fees with the Department of Mineral Resources, overhead costs which are directly attributable to the development of the application of the mining right and mine plans.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Mining right intangible assets are amortised on a units-of-production method limited to the remaining life of the mine.

The amortisation period and the amortisation method for mining right intangible assets are reviewed annually. If the expectations differ from the previous estimate, the changes are accounted for as a change in accounting estimates.

The estimated remaining useful lives for the current and comparative periods are as follows:

Item	Method	Useful life
Mining rights	Units of production	3 to 13 years *

* Based on current production levels, allowing for the current life of mine assessment.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

4. INTANGIBLE ASSETS continued

ACCOUNTING POLICIES continued

The Group derecognises mining right intangible assets on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of a mining right intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss is recognised in profit or loss when the mining right intangible asset is derecognised.

Impairment

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets is recognised immediately in profit or loss.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets is recognised immediately in profit or loss.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
4. INTANGIBLE ASSETS continued			
Group			
2021			
Mining rights	9 020	(5 736)	3 284
	9 020	(5 736)	3 284
2020			
Mining rights	8 826	(5 193)	3 633
	8 826	(5 193)	3 633
Company			
2021			
Mining rights	1 112	(498)	614
	1 112	(498)	614
2020			
Mining rights	1 112	(451)	661
	1 112	(451)	661

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

	Mining rights R'000	Total R'000
4. INTANGIBLE ASSETS continued		
Reconciliation of intangible assets		
Group		
2021		
Carrying value 1 March 2020	3 633	3 633
Additions	194	194
Amortisation	(543)	(543)
Carrying value 28 February 2021	3 284	3 284
2020		
Carrying value 1 March 2019	4 176	4 176
Amortisation	(543)	(543)
Carrying value 29 February 2020	3 633	3 633
Company		
2021		
Carrying value 1 March 2020	661	661
Amortisation	(47)	(47)
Carrying value 28 February 2021	614	614
2020		
Carrying value 1 March 2019	709	709
Amortisation	(48)	(48)
Carrying value 29 February 2020	661	661

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES

ACCOUNTING POLICIES

Financial liabilities

A financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

After initial recognition, loans from subsidiaries are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES continued

ACCOUNTING POLICIES continued

Financial assets

Recognition and initial measurement

Loans to subsidiaries and investments in subsidiaries are initially recognised when they are originated. A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly attributable to its acquisition or issues.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all effected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments for principal and interest on the principal amount outstanding.

This category is the most relevant to the Company.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include loans to subsidiaries.

Investment in subsidiaries

Investments in subsidiaries are non-derivative financial assets and are categorised as investments at cost less accumulated impairment losses.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES continued

	Share capital R	Effective holding		Investment		Amount owing by/(to) subsidiaries	
		2021 %	2020 %	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Ilangabi Investments 12 (Pty) Ltd [#]	100	100	100	3 000	3 000	3 639	3 639
Kopanela Mining (Pty) Ltd	100	70	–	194	–	–	–
Stanger Brick and Tile (Pty) Ltd *	10	100	100	–	–	(3 509)	(3 509)
Tugela Ready Mix (Pty) Ltd *	100	100	100	–	–	945	923
Stanbrik Roof Tiles (Pty) Ltd *	100	100	100	–	–	(128)	(128)
Impala Construction Supplies (Pty) Ltd *	100	100	100	–	–	227	221
				3 194	3 000	1 174	1 146

[#] The loan is unsecured and interest free. There are no fixed repayment terms for the loan but it was agreed that the loan will not be called upon for full settlement within the next financial year.

* Dormant company. The loans to/(from) dormant companies are unsecured, accrue interest at the prime rate and have no fixed repayment terms. It was agreed that these loans will not be called upon for full settlement within the next 12 months subsequent to approval of these financial statements.

The loans receivable are expected to be recovered from the subsidiaries. Based on management's assessment of future cash flows expected to flow to these entities, management has determined that the expected credit losses on these loans are not material.

	2021 R'000	2020 R'000
Disclosed as:		
Non-current assets – Investments in and loans to subsidiaries	8 005	7 783
Non-current liabilities – Loans from subsidiaries	(3 637)	(3 637)
	4 368	4 146
Reconciliation of investments in and loans to/(from) subsidiaries:		
Opening balance – net asset/(liability)	4 146	4 105
Add: Interest	20	41
Investment in Kopanela Mining (Pty) Ltd	194	–
Cash contributions	8	–
Closing balance	4 368	4 146

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

6. RESTRICTED FINANCIAL ASSETS

ACCOUNTING POLICIES

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss (FVTPL);.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement

Financial assets measured at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognised in profit or loss.

Restricted investments

Liberty Life New Growth Rehabilitation Plan Trust at fair value through profit or loss

Included in restricted investments are financial assets that are designated at fair value through profit or loss because they are managed on a fair value basis. These investments are valued based on the observable market value of the underlying pool of equity investments as determined by the financial services provider at each reporting date. The fair value is calculated with reference to the underlying equity instruments.

Monthly contributions are made to this dedicated environmental trust funds to fund the estimated cost of rehabilitation at the end of life of mine. The amounts contributed to these funds are included in non-current assets and are measured at fair value through profit or loss. Fair value gains or losses are taken directly to profit or loss under other income or other expenses.

The fair value of the restricted investments is quoted level 2 financial instruments.

Financial assets measured at amortised cost

Included is restricted financial assets are investments in Nedbank Limited and Leopont Rehabilitation Trust that are classified as financial assets measured at amortised cost. Measured at amortised cost financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost less any allowances for impairment losses.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

6. RESTRICTED FINANCIAL ASSETS continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Restricted investments				
<i>Liberty Life New Growth Rehabilitation Plan Trust</i>	22 335	19 662	–	–
– Opening balance	19 662	20 696	–	–
– Unrealised net fair value (losses)/gains	2 673	(1 034)	–	–
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 15.				
<i>Leopont Rehabilitation Trust – ABSA fixed deposit</i>	1 332	1 332	1 332	1 332
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 15.				
<i>Nedbank Limited – fixed deposit</i>	179	172	179	172
A fixed deposit account is held with Nedbank Limited as security for a guarantee, in favour of the Department of Mineral Resources, which is <i>in lieu</i> of environmental rehabilitation obligations and is not available for general purposes of the Group. Refer to note 15.				
Non-current assets	23 846	21 166	1 511	1 504

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

7. DEFERRED TAX ASSET/(LIABILITY)

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Assumptions and judgement are required in determining deferred tax assets and liabilities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets require the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

ACCOUNTING POLICIES

Deferred tax assets and liabilities

Deferred taxation is provided for all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period, the measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group 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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

7. DEFERRED TAX ASSET/(LIABILITY) continued

	2021 R'000	2020 R'000
Group and Company		
Reconciliation of deferred tax asset		
At beginning of year	27 691	26 837
Originating and reversing temporary differences	943	333
Calculated tax losses (utilised)/created	(1 168)	521
	27 466	27 691
Deferred tax asset		
<i>Comprising:</i>		
Property, plant and equipment	(228)	(83)
Provisions	6 913	6 455
Payments received in advance	1 088	493
Leases	35	–
Contributions to rehabilitation trust funds	(1 335)	(1 335)
Calculated tax losses	20 993	22 161
	27 466	27 691

The Group and Company do not have any unrecognised deferred tax assets relating to assessed losses as at 28 February 2021.

Deferred tax asset recoverability analysis

The following table is the analysis of the movement of the deferred tax asset over the last five years:

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Calculated losses					
Opening balance	22 161	21 640	28 662	26 579	28 768
(Utilised)/created	(1 168)	521	(7 022)	2 083	(2 189)
Closing balance calculated tax losses	20 993	22 161	21 640	28 662	26 579
Temporary differences					
Opening balance	5 530	5 197	1 257	1 503	(7 170)
(Utilised)/created	943	333	3 940	(246)	8 673
Closing balance temporary differences	6 473	5 530	5 197	1 257	1 503
Total deferred tax asset	27 466	27 691	26 837	29 919	28 082

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

7. DEFERRED TAX ASSET/(LIABILITY) continued

The history of the deferred tax asset

In 2017, the deferred tax asset from calculated losses amounted to R26,6 million, which was a 44,1% decrease from the original amount of R47,6 million. A further asset was created from the difference in temporary differences to the amount of R1,5 million, resulting in a total deferred tax asset of R28,1 million.

2018 experienced an increase in the deferred tax asset amounting to R1,8 million, this was mainly due to losses incurred by the Donkerhoek disposal group of R3,5 million. Continued operations however made taxable profits with taxation thereon amounting to R1,7 million. The Group was confident the losses of the disposal group would be recovered through the sale, which they were in the 2019 year. Management performed forward-looking budgets and forecast and determined that the recoverability of the asset was still highly likely.

During 2019, the sale of the Donkerhoek disposal group resulted in a reduction of the calculated losses of R7,0 million. This has left the calculated losses balance at R21,6 million, which is only 43,7% of the original calculated losses balance of R47,6 million. However, the temporary differences have yielded a further increase in the deferred tax asset of R3,9 million. The main reason for the increase in temporary differences is due to the reversal of temporary differences from the Donkerhoek disposal, which was in a net deferred tax liability position of R2,4 million before the sale.

In 2020, the Group realised taxable losses which resulted in an increase in the deferred tax asset of R0,5 million whereas temporary differences also yielded an increase in the deferred tax asset of R0,3 million. Management performed forward-looking budgets and forecasts which included the effect of COVID-19 and return-to-work protocols and, at that stage, it was expected that the deferred tax asset would be recovered in approximately seven and a half years.

Current year of the deferred tax asset

Current year taxable profits yielded a decrease in the deferred tax asset of R1,2 million, whereas temporary differences yielded an increase in the deferred tax asset of R0,9 million.

Management's current forward-looking budgets and forecasts have determined that the deferred tax asset's recoverability remained probable and it is expected to be recovered in approximately eight years.

Management's budget and forecast allow for sales volumes and prices at levels during the last six months of the 2021 financial year. In addition, management has given due consideration to the potential impact of the COVID-19 pandemic in the preparation of the budget, forecast and various sensitivity analyses. Based on the sensitivity analysis performed, the deferred tax asset is expected to be recovered between six to eight years.

Assumptions used in the budget are as follows:

- Sales volumes and prices aligned with those experienced during the last six months of the 2021 financial year;
- Inflationary adjustments were allowed for growth in revenue and costs as from the 2023 financial year;
- Sales mix to commensurate expected market demand; and
- Eskom power supply will remain stable.

The timing of recovery is mostly sensitive to the following:

- Should the actual growth percentage decrease with 1%, the recoverability of the deferred tax asset will increase slightly to eight and a half years;
- Should the sales mix decrease with 4%, deferred tax asset's recoverability will extend to eight and a half years; and
- Should the sales mix increase with 4%, the deferred tax asset's recoverability will decrease to seven years.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

7. DEFERRED TAX ASSET/(LIABILITY) continued

	2021 R'000	2020 R'000
Group		
Reconciliation of deferred tax liability		
At beginning of year	(3 462)	(6 033)
Originating and reversing temporary differences	(2 557)	2 571
	(6 019)	(3 462)
Deferred tax liability		
<i>Comprising:</i>		
Property, plant and equipment	(6 024)	(6 587)
Provisions	4 640	7 760
Contributions to rehabilitation trust funds	(4 635)	(4 635)
	(6 019)	(3 462)

The deferred tax liability is attributable to the Company's subsidiary, Ilangabi Investments 12 (Pty) Ltd.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

8. INVENTORIES

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Allowance for damaged and obsolete inventory and determining net realisable values

Judgement is used to determine the lower of cost or net realisable value of inventory. Management also made estimates of the selling price and direct cost to sell on certain inventory items in determining the net realisable value. The write-down is charged to profit or loss in the period that it is identified.

ACCOUNTING POLICIES

Inventory comprises clay products as well as mined coal and clay, which are measured at the lower of cost and net realisable value.

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

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

The cost of bricks manufactured or coal and clay explored are assigned using the weighted average cost formula.

When inventory is sold, the carrying amount of that is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

The amount of the reversal is limited to the amount of the original write-down so that the new carrying amount is the lower of cost and net realisable value.

Consumable stores are stated at cost less allowances for obsolescence. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring and bringing them to their existing location and condition.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Raw materials	119	760	119	760
Work in progress	20 582	26 164	17 722	22 680
Finished goods	6 504	16 186	516	9 831
Consumables	1 965	1 810	1 138	1 121
	29 170	44 920	19 495	34 392

Group

In 2021, inventory of R192,9 million (2020: R230,1 million) was recognised as an expense during the year and included in cost of sales.

All inventory movements are classified under cost of sales.

Impairments

Inventory totaling R1,4 million (2020: R6,3 million) was written down by R0,5 million (2020: R2,3 million) to their net realisable value of R0,9 million (2020: R4 million).

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

8. INVENTORIES continued

Company

In 2021, inventory of R119,4 million (2020: R137,4 million) was recognised as an expense during the year and included in cost of sales.

All inventory movements are classified under cost of sales.

Impairments

No inventory is carried at net realisable value as at 28 February 2021 and 29 February 2020.

9. TRADE AND OTHER RECEIVABLES

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Impairment losses

The Group recognises loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original expected interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the expected credit loss is based on the 12-month expected credit loss. The 12-month expected credit loss is the proportion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since obligation, the allowance will be based on the lifetime expected credit loss.

The Group considers a financial asset in default when contractual payments are 90 days past due. The contractual payment terms are in line with credit guarantee insurance, which is in place for each individual customer. However, in certain cases the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

9. TRADE AND OTHER RECEIVABLES continued

ACCOUNTING POLICIES

Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly to its acquisition or issues.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all effected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:

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

This category is the most relevant to the Group.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, deposits and other receivables.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial assets				
Trade receivables	21 849	26 372	14 944	17 219
External customers	21 849	25 526	14 944	17 219
Related parties	–	846	–	–
Less: Allowance for expected credit losses	(47)	(412)	–	(412)
Trade receivables – net after impairment	21 802	25 960	14 944	16 807
Deposits	1 956	1 996	1 851	1 890
Other receivables	–	31	–	31
	23 758	27 987	16 795	18 728
Non-financial assets				
Value added tax	3 603	2 620	231	262
Trade payables paid in advance	2 341	505	1 371	73
	5 944	3 125	1 602	335
	29 702	31 112	18 397	19 063

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

9. TRADE AND OTHER RECEIVABLES continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables and other receivables.

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers. As part of the process of setting customer credit limits, credit guarantee insurance is purchased when deemed appropriate and management evaluates credit risk relating to customers on an ongoing basis and utilisation of credit limits is regularly monitored. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry and revenue stream, trading history with the Group and existence of previous financial difficulties. The Group has adopted a policy of only dealing with creditworthy counterparties. Significant concentrations of credit risk apply to two customers, which equates to 36,5% (2020: two customers 45,1%) of the trade receivables balance at the reporting date.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

As at 28 February 2021, the total receivables past 90 days amounted to R0,01 million (2020: R0,5 million). Management believes that the unimpaired amounts past due are collectible, based on historic payment behaviour and customer credit risk.

At 28 February 2021, trade receivables to the value of R4,9 million (2020: Rnil) were pledged as security in respect of the overdraft facility granted to the Company. See note 10 for details regarding the overdraft facility.

Movement in the allowance for expected credit losses during the year was as follow:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade and other receivables impaired				
<i>Allowance for expected credit losses</i>				
Balance as at 1 March	412	261	412	233
Allowance for the year	47	441	–	441
Amounts written off as uncollectible	(50)	(233)	(50)	(233)
Reversed in the year on collection of receivables *	(362)	(57)	(362)	(29)
Balance as at year-end	47	412	–	412

* As a result of credit guarantee insurance in place.

The allowance for expected credit losses is based on approved credit terms, credit guarantee per individual customer and the historical default rate. Based on amounts past due at the reporting date, management has assessed that the increase in credit risk and resultant expected credit loss is not material.

Fair value of financial instruments

There is no material difference between the fair value of receivables and other receivables and their carrying value due to the short-term maturity of these instruments.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

10. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets that comprise cash on hand, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents are categorised as financial assets measured at cost.

Bank overdrafts are included within current liabilities in the statement of financial position and within cash and cash equivalents in the statement of cash flows.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash and cash equivalents consist of:				
Bank balances *	15 287	4 804	7 792	224
Bank overdraft	–	(835)	–	–
	15 287	3 969	7 792	224
Disclosed as:				
Current assets				
Cash and cash equivalents	15 287	4 804	7 792	224
Current liabilities				
Bank overdraft	–	(835)	–	–
	15 287	3 969	7 792	224

* R6,6 million (2020: R4,5 million) is secured in lieu of guarantees for environmental restoration (refer to note 29).

Credit risk

The Group banks with a reputable bank and all savings are in money market accounts, which are considered to be low risk investments.

The Group invests cash and cash equivalents in short-term deposits and money market funds with high-rated financial institutions. The Group only enters into transactions with a limited number of major institutions that have high credit ratings and closely monitors the credit worthiness of counterparties.

Fair value of financial instruments

There is no material difference between the fair value of cash and cash equivalents and their carrying value due to the short-term maturity of these instruments.

Facilities

During August 2020, the Company applied for an overdraft facility amounting to R5 million. Resolutions were signed by the main Board and a facility amounting to R4,1 million was granted by Nedbank Limited during the 2021 financial year.

At the reporting date, the Company had R4,1 million (2020: Rnil) of undrawn facilities and the Group had R9,1 million (2020: R4,2 million) of undrawn facilities. Refer to note 9 for trade receivables pledged in lieu of the overdraft facility.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

11. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The assessment of whether the disposal is highly probable require the exercise of significant judgement and estimates of the outcome of future events not wholly within the control of the Group.

ACCOUNTING POLICIES

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Assets held-for-sale

On 20 September 2016 and 17 November 2016, the Group committed to sell two of its properties, namely the Rayton property situated at Portion 31 of Witfontein NO.510 - JR District Bronkhorstspuit "Rayton" and the Nigel Schist property situated at Portion 58 of the Farm Vrisgewaag 510IR "Schist", respectively.

Rayton property

The offer received for Rayton amounting to R2,2 million, which is inclusive of the transfer of the environmental rehabilitation obligation, has been accepted and signed by the Company on 17 April 2017. The environmental provision of this property continued to unwind and had a change of estimate to the value of R0,1 million (2020: R0,02 million). Accordingly, in order to realign the property to its recoverable amount, R0,08 million (2020: R0,2 million) of the previous impairment was reversed.

The non-recurring fair value determination of the non-current assets held-for-sale of R2,2 million has been classified as a level 2 fair value. Valuation was determined by the contractual amount of the offer received in the open market.

The sale is subject to the approval in terms of section 11(1) of the Mineral and Petroleum Resources Development Act, no 28 of 2008, being granted by the Minister in respect of the cession and transfer of the mining right to the purchaser.

A further arrangement has been entered into with the purchaser to extend the original agreement up to 30 November 2020, in order to allow for the section 11(1) transfer to be finalised by the Department of Mineral Resources and Energy. At the date of these financial statements, the section 11 is still in progress and a renewed revival agreement was entered into to extend the original agreement to 31 December 2021.

All documentation have been submitted to the Minister and the only outstanding matter is for the section 11(1) transfer to be finalised by the Department of Mineral Resources and Energy.

Schist property

The Schist property was sold during the 2020 financial year.

The directors secured the sale of this property on 10 July 2019 for R0,03 million, which includes the rehabilitation obligation. A section 41 closure application was received on 6 September 2019. The non-recurring fair value of the non-current assets held-for-sale has been classified as a level 2 fair value.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

11. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

continued

Cumulative income or expenses included in profit/(loss) and other comprehensive income for assets held-for-sale:

	Rayton property R'000	Total R'000
Group and Company		
2021		
Change in estimate for environmental rehabilitation provision	107	107
Impairment reversal	84	84
Net financing cost	(191)	(191)
Loss from operating activities (no tax effect)	–	–
2020		
Change in estimate for environmental rehabilitation provision	16	16
Impairment reversal	168	168
Net financing cost	(184)	(184)
Loss from operating activities (no tax effect)	–	–

The table below summaries the profit on the sale relating to the held-for-sale assets and liabilities:

	2020 R'000
Schist property	
Gross proceeds	30
Net proceeds	30
ASSETS	
Non-current assets	13
– Property, plant and equipment	13
Total assets	13
LIABILITIES	
Non-current liabilities	(1 457)
– Provisions	(1 457)
Total liabilities	(1 444)
Add: net liability value of Schist property	1 444
Profit on disposal of held-for-sale assets and liabilities	1 474
Less: taxation	(412)
Profit on disposal of held-for-sale assets and liabilities	1 062

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

11. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

continued

Assets and liabilities held-for-sale

The non-current assets held-for-sale are stated at the lower of carrying value or fair value less cost to sell and comprised the following:

	Rayton property R'000
2021	
Non-current assets held-for-sale	
Property, plant and equipment	4 461
	4 461
Non-current liabilities held-for-sale	
Environmental rehabilitation provision	(2 261)
	(2 261)
2020	
Non-current assets held-for-sale	
Property, plant and equipment	4 377
	4 377
Non-current liabilities held-for-sale	
Environmental rehabilitation provision	(2 177)
	(2 177)

Assets and liabilities held-for-sale are not specifically allocated to a reportable segment. Refer to note 26 for where these are included.

12. STATED CAPITAL

ACCOUNTING POLICIES

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of stated capital

When stated capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Shares in the Company held by the Brikor Share Purchase Trust are classified as treasury shares. In terms of the Brikor Share Incentive Scheme Agreement, the Company and its Board of Directors will appoint the relevant Trustees and are also entitled to:

- establish rules and regulations as the directors deem necessary for the administration of the Trust; and
- make such determinations and take steps in connection therewith.

The consideration paid, which includes directly attributable costs, net of tax effects, for these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in the equity and the resulting surplus or deficit in the transaction is presented within stated capital.

Dividends

Ordinary dividends are recognised as a liability in the period in which they are declared.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

12. STATED CAPITAL continued

	2021 '000	2020 '000
Group and Company		
Authorised		
1 000 000 000 ordinary shares of no par value (2020: 1 000 000 000)		
Reconciliation of number of shares authorised		
Reported at 1 March	1 000 000	1 000 000
	1 000 000	1 000 000
Reconciliation of number of no par value shares issued ('000)		
Reported at 1 March	645 242	645 242
Less: Brikor Share Incentive Scheme Trust – treasury shares	(15 900)	(15 900)
	629 342	629 342

All shares are fully paid.

All shares rank equally with regards to the Group's residual assets.

	2021 R'000	2020 R'000
Group and Company		
Stated capital		
645 242 031 ordinary shares of no par value (2020: 645 242 031 ordinary shares of no par value)	244 142	244 142
Less: 15 900 000 (2020: 15 900 000) treasury shares held by the Brikor Share Incentive Scheme Trust	(15 900)	(15 900)
	228 242	228 242

Holders of the shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

13. LEASE LIABILITY

ACCOUNTING POLICIES

Leases as lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. See also note 3 for additional disclosures.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The corresponding lease obligation is included within lease liabilities in the statement of financial position. The interest component is charged to finance cost over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

13. LEASE LIABILITY continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lease liability	4 255	–	4 255	–
The Group leases certain production equipment. See also note 3. The lease commenced on 15 January 2021 until 15 January 2023. During the current reporting period, lease payments amounted to R0,08 million per month. Lease payments are renegotiated every year to reflect market rentals. The lease liability was determined by discounting the lease payments using its incremental borrowing rate at 1 February 2021, being the prime interest rate plus 0,98%. The weighted average rate applied is 7,98% for the lease term. The Group has presented interest expense (see note 20) separately from the depreciation charge for the right-of-use asset (see notes 3 and 18).				
	4 255	–	4 255	–
Presented as:				
Non-current liabilities	2 171	–	2 171	–
Current liabilities	2 084	–	2 084	–
	4 255	–	4 255	–

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value as a result of future cash flows being incorporated in the carrying value of the lease liability.

Liquidity risk

Repayments within one year will be funded by utilising cash balances and by future cash flows. Borrowings classified under current liabilities are due to be settled within twelve months from the reporting date. See note 33 for analysis of contractual cash flows which is similar to the maturity analysis for the liability.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

14. SHAREHOLDERS' LOANS

ACCOUNTING POLICIES

A financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

After initial recognition, shareholders' loans are subsequently measured at amortised cost using the effective interest rate method. Interest expense is also recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loan – Estate late G v N Parkin				
Shareholder's loan – 1				
Opening balance	14 704	18 875	14 704	18 875
Add: Interest	978	1 273	978	1 273
Less: Payments	(5 025)	(5 444)	(5 025)	(5 444)
Cash repayments	(5 025)	(5 444)	(5 025)	(5 444)
	10 657	14 704	10 657	14 704
Shareholder's loan – 2				
Opening balance	–	2 202	–	–
Less: Payments	–	(2 202)	–	–
Cash repayments	–	(2 202)	–	–
	–	–	–	–
	10 657	14 704	10 657	14 704

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

14. SHAREHOLDERS' LOANS continued

The first loan is unsecured and bears interest at 7,59% per annum for all the respective years. In July 2018, the Group entered into a 60-month payment arrangement of R0,4 million a month, commencing at the end of July 2018 until June 2022.

The second loan was unsecured and interest-free. In March 2019, the Group entered into an arrangement to pay R0,2 million per month commencing from end March 2019 until December 2019. The loan was settled in full by December 2019.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loan – G Parkin				
Opening balance	1 374	1 591	1 374	1 591
Add: Interest	68	–	68	–
Less: Payments	(1 442)	(217)	(1 442)	(217)
Cash repayments	(1 314)	(17)	(1 314)	(17)
Donations to employees during COVID-19 lockdown level 5	(119)	–	(119)	–
Purchase of bricks through loan account	(9)	–	(9)	–
Motor vehicle sold through loan account	–	(200)	–	(200)
	–	1 374	–	1 374
On 5 November 2019, the Group entered into an arrangement to pay R0,1 million per month commencing from end March 2020 until February 2021. The loan was settled in full by February 2021. The loan is unsecured and bears interest at a fixed rate of 7,59% per annum for the respective repayment period.				
Total shareholders' loans	10 657	16 078	10 657	16 078
Presented as:				
Non-current liabilities				
At amortised cost	6 271	10 657	6 271	10 657
Current liabilities				
At amortised cost	4 386	5 421	4 386	5 421
	10 657	16 078	10 657	16 078

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value. The fixed interest rates for these loans are in line with current market rates and credit risk of the borrower remained consistent.

Liquidity risk

Shareholder loans are used in long-term funding and further details are included in note 33.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

15. PROVISIONS

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Environmental rehabilitation provision

Estimates for future environmental rehabilitation costs are determined with the assistance of an independent environmental and quantity surveyor experts and are based on the Group's environmental management plans which are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation which is influenced by developments in trends and technology. These judgements and assumptions may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of an item of property, plant and equipment is adjusted against the asset. Any subsequent changes to the obligation which did not relate to the initial construction of a related asset are charged to profit or loss.

Provisions for environmental rehabilitation obligations arise when land is disturbed by excavation or operating activities and are measured at the present value of the directors' best estimate of future economic outflows.

In determining the present value of the provision, management applies assumptions and estimates in determining variables such as discount rates, inflation rates and timing of cash outflows.

ACCOUNTING POLICIES

Provisions are recognised when:

- the Group has a present legal or **constructive** obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of the gross provision is reviewed annually and is reported as the present value of the expenditure expected to be required to settle the obligation. Provisions are determined by discounting the expected future cash flows pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as a finance cost.

Annual changes in the environmental restoration provision consist of financing expenses relating to the change in the present value of the provision and inflationary increases in the provision, as well as changes in estimates.

The present value of dismantling and removing the asset created before production commenced (decommissioning liabilities) are capitalised to property, plant and equipment against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of property, plant and equipment. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

The present value of environmental rehabilitation costs relating to activities after production commenced as well as subsequent changes therein are charged to profit or loss and presented as part of cost of sales. The cost of ongoing rehabilitation is recognised in profit or loss as incurred. Cash costs incurred to rehabilitate these disturbances are presented as operating activities in the statement of cash flows.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

15. PROVISIONS continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Environmental rehabilitation provision	51 767	62 380	31 966	31 567
Total	51 767	62 380	31 966	31 567
Provision: Environmental rehabilitation				
Opening balance	62 380	55 382	31 567	30 046
Unwinding of interest	3 803	3 640	2 059	1 941
Rehabilitation performed	(159)	–	–	–
Change in estimate	(6 257)	5 518	(1 660)	(420)
Recognised in profit or loss	(6 545)	4 554	(1 377)	(977)
Recognised in property, plant and equipment	288	964	(283)	557
Disposed	(8 000)	(2 160)	–	–
Closing balance	51 767	62 380	31 966	31 567

Group

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining and other activities and those incidental thereto. The level of provision is commensurate with work completed to date. The current gross closure cost of rehabilitation was estimated at R63,9 million (2020: R74.8 million). The future cost of the provision was calculated by escalating estimated costs at a risk-adjusted CPI of 6% (2020: 6%) per annum over the life of the operations ranging between 6 to 12 years (2020: 7 to 13 years). A risk-adjusted CPI of 6% was used which takes into account Company and Group-specific risks, current inflation rates, expected future inflation rates as well as uncertainties in the current economic environment. This future cost is discounted at South African Government Bond Rate ranging between 7,31% and 9,78% (2020: 7,86% and 9,20%, respectively) to arrive at a carrying value of R51,8 million (2020: R62.4 million).

The Group has invested funds into various environmental trusts to be utilised by the Group as and when restoration activities are incurred. Investments made during the year into these funds amounted to Rnil million (2020: Rnil million). The total amount held in these trusts amounted to R23,8 million (2020: R21,2 million) at year-end (see note 6).

The Department of Mineral Resources and Energy hold guarantees in their favour for the mining rehabilitation cost to the amount of R20,8 million (2020: R16,7 million) (see note 29). Furthermore, the Group holds decommissioning assets to the value of R 16,2 million (2020: R17.7 million) as part of property, plant and equipment, which will also be utilised in extinguishing the rehabilitation liability.

Company

The future cost of rehabilitation was estimated at R42,7 million (2020: R41,4 million). The future cost of the provision was calculated by escalating estimated costs at a risk-adjusted CPI of 6% (2020: 6%) per annum over the life of the operations ranging between 8 to 12 years (2020: 9 to 13 years). This future cost is discounted at South African Government Bond Rate ranging between 9,08% and 9,78% (2020: 8,78% and 9,20%) to arrive at a carrying value of R32 million (2020: R31,6 million).

The Company has invested funds into various environmental trusts to be utilised by the Group as and when restoration activities are incurred. Investments made during the year into these funds amounted to Rnil million (2020: Rnil million). The total amount held in these trusts amounted to R1,5 million (2020: R1,5 million) at year-end (see note 6).

The Department of Mineral Resources and Energy hold guarantees in their favour for the mining rehabilitation cost to the amount of R19 million (2020: R15 million) (see note 29). Furthermore, the Company holds decommissioning assets to the value of R12,5 million as part of property, plant and equipment, which will also be utilised in extinguishing the rehabilitation liability.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

15. PROVISIONS continued

Material changes in estimates

Portion 27, Varkensfontein no. 169

The Group has received a closure application (certificate no 1/2021) in terms of section 43 of the Mineral Resources and Petroleum Act, 2002 (Act 28 of 2002), on 17 February 2021. As a direct result of the closure certificate, the gross closure cost of R8 million of the environmental rehabilitation provision has been directly credited to the statement of profit or loss.

Remainder of the farm Vlakfontein 281 IR no. 219

The survey data as well as pit expansion data at the reporting date indicated that the volume of topsoil berm/stockpiles to be used for infilling decreased in comparison to the previous financial year as a result of continued rehabilitation and back filling, which are being performed throughout the financial year. This resulted in a reduction relating to the rehabilitation of mining areas and a credit of R6,5 million was allocated to the statement of profit or loss.

16. TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables

Initial recognition and measurement

Trade and other payables are measured, at initial recognition, as financial liabilities at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly attributable to its acquisition or issues.

Classification, subsequent measurement and gains and losses

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the trade and other payables are derecognised. Interest expense are also recognised in profit or loss.

Short-term employee benefits

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

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

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be estimated reliably.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

16. TRADE AND OTHER PAYABLES continued

	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial liabilities				
Trade payables	11 946	14 540	9 724	11 738
External	11 946	14 540	5 039	6 899
Related party	–	–	4 685	4 839
Accruals *	4 139	8 392	3 942	6 812
	16 085	22 932	13 666	18 550
Non-financial liabilities				
Receipts in advance	4 141	1 848	3 885	1 760
Value Added Tax	1 145	2 030	1 145	2 030
Royalty tax accrual	12 690	14 414	4 923	4 923
Carbon tax accrual	3 017	2 751	3 017	2 508
Accrual for legal and advisory fees *	1 200	1 040	1 200	1 040
Employee-related liabilities	2 324	2 220	1 622	1 704
	24 517	24 303	15 792	13 965
	40 602	47 235	29 458	32 515

* Included in accruals is R1,3 million (2020: R 2,8 million) in respect of legal fees relating to pending court cases. See note 28 Contingent Liabilities for additional detail regarding the pending court case.

The average credit period on purchases is 31 days (2020: 33 days) from the date of statement. The Group has financial risk management policies in place.

Liquidity risk

Trade payables and other creditors and accruals are all expected to be settled within 12 months from reporting date.

Fair value of financial instruments

The fair value of trade payables and other creditors and accruals approximate their carrying value due to their short-term maturities.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

17. REVENUE

ACCOUNTING POLICIES

To determine whether to recognise revenue, the Group follows a five-step process:

- Identifying the contract with the customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue as/when performance obligations are satisfied.

The Group generates revenue primarily from the sale of clay products, related ancillary products, coal and clay minerals and transportation services.

The Group measures and recognises revenue when the control over the clay products, related ancillary products, coal and clay minerals and transportation services is transferred to the customer. Control transfers to the customers at the date of delivery or collection, which is at a point in time for all the respective revenue streams.

Revenue is measured based on the consideration specified in a contract with the customer. Contractual payment terms are similar for all revenue streams and are between 30 and 90 days.

Nature and timing of satisfaction of performance obligations

Revenue is measured on a best estimate basis on the date of the delivery or collection specified in the contract with the customer at the fair value of the consideration received or receivable and represents the amounts receivable for the goods provided in the normal course of business, net of trade discounts, volume rebates and value added tax.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue from contracts with customers consist of:				
Clay products	127 778	144 605	124 642	141 299
Coal	109 877	124 915	–	–
Transportation services and ancillary products	20 259	23 162	20 259	19 915
	257 914	292 682	144 901	161 214

Disclosure of disaggregated revenue from contracts with customers:

- The Group generates revenue primarily from the sale of clay products (being bricks and clay minerals, respectively), coal minerals and the related transportation services.
- The disaggregation of revenue from contracts with customers by primary geographical market and product is described in the Segment note (note 26).

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
18. OPERATING PROFIT/(LOSS) BEFORE INTEREST AND TAXATION				
Operating profit before interest and taxation is stated after:				
Income				
Profit on disposal of fixed assets	–	204	–	189
Profit on disposal of assets held-for-sale	–	1 474	–	1 474
Management fees	–	–	8 936	10 618
Diesel rebates received	2 612	2 588	–	–
Fair value gain in restricted financial assets	2 673	–	–	–
Expenses				
Short-term lease charges				
– Equipment	36 930	30 058	619	717
Depreciation – cost of sales *	6 317	7 026	2 245	2 314
Depreciation – other	883	872	817	811
Amortisation	543	543	47	48
Loss on scrapping of property, plant and equipment	1 102	893	78	191
Inventory – net realisable value adjustments	467	2 318	–	–
Impairment included in other expenses	(84)	(168)	(84)	(168)
– Impairment reversals of held-for-sale assets	(84)	(168)	(84)	(168)
Fair value loss in restricted financial assets	–	1 034	–	–
Change in estimate of provision for environmental rehabilitation (refer note 15)	(6 545)	4 554	(1 377)	(977)
Change in estimate of provision for environmental rehabilitation – held-for-sale liabilities (refer note 11)	(107)	16	(107)	16
Directors' remuneration (refer note 31)	6 541	7 015	4 909	4 873
– Directors' emoluments	6 798	7 584	5 166	5 442
– Consultancy fees	(257)	(569)	(257)	(569)
Auditor's remuneration	1 437	1 832	1 025	1 396
– Audit fees	1 437	1 832	1 025	1 396
Employee costs	70 435	94 695	53 628	72 534

* Includes depreciation in respect of the right-of-use asset amounting to R0,2 million (2020: Rnil). See note 3 for right-of-use asset.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

19. FINANCE INCOME

ACCOUNTING POLICIES

Finance income is recognised, in profit or loss, using the effective interest method. Finance income includes interest received and growth on other financial assets and cash and cash equivalents.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest received recognised in statement of profit or loss				
Bank	672	461	149	46
Cash flow items	672	461	149	46
South African Revenue Service – on normal tax	145	72	–	–
Other financial assets	7	258	34	258
Other receivables	65	69	65	109
Non-cash flow items	217	399	99	367
Total finance income	889	860	248	413

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

20. FINANCE COSTS

ACCOUNTING POLICIES

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method and unwinding of the provision for environmental rehabilitation.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest paid recognised in statement of profit or loss				
Bank overdraft	28	80	2	–
Trade and other payables	7	21	7	20
Borrowings and shareholders' loans	1 046	1 273	1 046	1 273
Lease liability	29	–	29	–
South African Revenue Service – on other taxes	255	48	230	48
Cash flow items	1 365	1 422	1 314	1 341
South African Revenue Service – on normal tax	242	303	–	–
Unwinding of interest – environmental rehabilitation provision	3 803	3 640	2 059	1 941
Unwinding of interest – environmental rehabilitation provision liabilities held-for-sale	191	184	191	184
Non-cash flow items	4 236	4 127	2 250	2 125
Total finance costs	5 601	5 549	3 564	3 466

21. TAXATION

ACCOUNTING POLICIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted, or substantially enacted, by the end of the reporting period.

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

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

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

21. TAXATION continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
MAJOR COMPONENTS OF TAXATION				
Current tax expense				
Current year	1 506	5 661	–	–
Deferred taxation				
Origination and reversal of temporary differences (see note 7)	2 782	(3 425)	225	(854)
	4 288	2 236	225	(854)

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Reconciliation of the tax expense				
<i>Reconciliation between applicable tax rate and average effective tax rate:</i>				
Applicable tax rate	28,0	28,0	28,0	(28,0)
Non-deductible expenses: #	(0,3)	31,2	606,3	11,7
Legal fees (see note 16)	2,7	15,4	491,1	10,2
South African Revenue Service interest and penalties	0,4	2,6	81	0,3
Amortisation of mining rights	0,9	4,0	16,5	0,2
Other non-deductible expenses *	0,2	1,5	17,7	1,0
Restricted financial assets – fair value loss/(gains)	(4,5)	7,7	–	–
Section 12H learnership allowances	(4,1)	–	(859,5)	–
Prior year adjustment to assessed losses ¹	2,4	–	510	–
	26,0	59,2	284,8	(16,3)

* Other non-deductible expenses include donations, gifts and other fines and penalties.

Decrease in non-deductible expenses for the Group is mainly due to increase in profit before taxation in comparison to the previous financial year, as well as fair value gain on restricted financial assets.

¹ The prior year adjustment to the assessed loss is as a result of learnership allowance (Section 12H) being allowed by the South African Revenue Services for the 2020 assessment. The Group and Company have submitted all tax returns to date and were able to claim the relevant allowance.

The Company realised a marginal profit before taxation and as a result of the small profit the percentages calculated for the reconciling items are proportionally bigger.

The applicable tax rate is equal to the South African statutory company tax rate at 28%.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

22. EARNINGS AND FULLY DILUTED EARNINGS PER ORDINARY SHARE

ACCOUNTING POLICIES

Earnings per share is calculated based on the net profit or loss after tax for the year, divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings or loss per share.

	Group	
	2021 cents	2020 cents
EARNINGS PER SHARE		
Basic earnings per share	1,9	0,2
Diluted earnings per share	1,9	0,2
Headline earnings per share	2,1	0,1
Diluted headline earnings per share	2,1	0,1

The calculation of the basic profit or loss per share attributable to the ordinary equity holders is based on the following information:

Reconciliation between basic earnings and headline earnings as well as diluted earnings

	Group	
	2021 R'000	2020 R'000
2021		
Basic and diluted profit	11 974	1 538
Profit on disposal of property, plant and equipment *	–	(204)
Profit on disposal of assets held-for-sale *	–	(1 474)
Loss on scrapping of property, plant and equipment *	1 102	893
Impairment of assets *	(84)	(168)
Headline and diluted headline profit	12 992	585

* These reconciling items do not have related tax implications and therefore only the gross amounts are taken into account in the reconciliation.

	Group	
	2021 '000	2020 '000
Number of shares		
Weighted average number of shares	629 342	629 342
Diluted weighted average number of shares	629 342	629 342

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

	2021 R'000	2020 R'000
23. BRIKOR SHARE INCENTIVE SCHEME TRUST		
Group and Company		
A share purchase scheme exists to provide employees of the Group the opportunity to purchase shares in the capital of the Company so as to give such employees the incentive to advance in the interest of the Group for the ultimate benefit of all the stakeholders in the Group.		
The maximum ordinary shares so held may not exceed 20% of the ordinary share capital of the Company.		
Shares acquired by the Brikor Share Incentive Scheme during the year	–	–
Unallocated scheme shares as at 1 March	15 388	15 364
Plus: Purchase offers cancelled	44	24
Unallocated scheme shares	15 432	15 388
No shares were purchased by directors under the Brikor Share Incentive Trust during the current financial year (2020: Rnil).		
Allocated scheme shares amounted to R0,5 million (2020: R0,5 million) as at 28 February 2021.		

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
24 . CASH GENERATED FROM OPERATIONS				
Profit/(loss) before taxation	16 262	3 774	79	(5 247)
<i>Adjustments for:</i>				
Depreciation and amortisation	7 743	8 441	3 109	3 173
Impairment and net realisable value adjustments	383	2 150	(84)	(168)
Profit on disposal of assets held-for-sale	–	(1 474)	–	(1 474)
Profit on disposal of property, plant and equipment	–	(204)	–	(189)
Loss on scrapping of property, plant and equipment	1 102	893	78	191
Fair value (gains)/losses on restricted investments	(2 673)	1 034	–	–
Net finance income and finance costs	4 712	4 689	3 316	3 053
Movement in environment rehabilitation provisions	(14 811)	2 378	(1 484)	(993)
– Change in estimate recognised in profit or loss	(6 545)	4 554	(1 377)	(977)
– Change in estimate – held-for-sale	(107)	(16)	(107)	(16)
– Transfer on disposal	(8 000)	(2 160)	–	–
– Rehabilitation performed	(159)	–	–	–
Changes in working capital				
Inventories	15 274	(3 140)	14 888	(591)
Trade and other receivables	1 474	(3 868)	730	44
Trade and other payables	(6 633)	(2 523)	(3 057)	6 933
Net cash inflow from operating activities	22 833	12 150	17 575	4 732

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

25. TAX PAID

ACCOUNTING POLICIES

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at beginning of year	(2 260)	(1 854)		–
Current tax for year recognised in statement of comprehensive income	(1 506)	(5 661)		–
Net interest	(97)	(231)		–
Balance at end of year	4 205	2 260		–
– Taxation – refundable	(1 997)	(3 700)		–
– Taxation – payable	6 202	5 960		–
	342	(5 486)		–

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

26. SEGMENT REPORTING

ACCOUNTING POLICIES

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Group's other components. The basis is representative of the internal structure for management purposes. All operating segments' operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The CODM has been identified as the Group's Chief Executive Officer. The CEO relies on inputs from the Financial Director and Executive Committee members for decision making. Based on the support and inputs from the Financial Director and Executive Committee members, the potential to create an imbalance of power is mitigated.

The reportable segments are:

- Coal, which includes mining and sale of coal; and
- Bricks, which includes manufacturing and sales of bricks.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than assets held-for-sale, tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders' loans, deferred taxations, taxation, bank overdraft and liabilities held-for-sale.

Segmental results include revenue and expenses directly related to an operating segment but exclude net finance charges and taxation which cannot be allocated to any specific segment. Segmental trading profit is defined as operating profit, excluding items of a capital nature, and is the basis on which management's performance is assessed.

Segment operating assets and liabilities include property, plant and equipment, inventories, trade and other receivables, trade and other payables and insurance funds and post-retirement obligations, but exclude cash, general borrowings, current taxation, deferred taxation, non-current assets held-for-sale, non-current liabilities held-for-sale and shareholders' loans.

Intangible assets are allocated to the cash-generating unit in the segment to which they relate.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

26. SEGMENT REPORTING continued

Segment revenues and results

The following is an analysis of the Group's revenue and results from operations by reportable segments.

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
Segment profit reconciliation				
2021				
Total revenue	144 901	125 645	–	270 546
Intersegment revenue	–	(12 632)	–	(12 632)
Reportable segment revenue	144 901	113 013	–	257 914
– Clay products	124 642	3 136	–	127 778
– Coal	–	109 877	–	109 877
– Transportation services and ancillary products	20 259	–	–	20 259
Gross profit	27 404	37 576	–	64 980
Other income	1 881	5 591	–	7 472
Operating profit before interest and taxation	3 008	17 966	–	20 974
Segment assets and liabilities				
Segment assets	77 901	73 189	51 183	202 273
Segment liabilities	(60 045)	(35 867)	(25 851)	(121 763)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(3 109)	(4 634)	–	(7 743)
Additions to non-current assets	7 507	2 323	–	9 830

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

26. SEGMENT REPORTING continued

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
Segment profit reconciliation				
2020				
Total revenue	161 214	152 612	–	313 826
Intersegment revenue	–	(21 144)	–	(21 144)
Reportable segment revenue	161 214	131 468	–	292 682
– Clay products	141 299	3 306	–	144 605
– Coal	–	124 215	–	124 215
– Transportation services and ancillary products	19 915	3 947	–	23 862
Gross profit	26 102	36 429	–	62 531
Other income	3 256	3 368	–	6 624
Operating profit/(loss) before interest and taxation	(2 194)	10 657	–	8 463
Segment assets and liabilities				
Segment assets	89 408	74 683	42 572	206 663
Segment liabilities	(58 294)	(50 607)	(29 226)	(138 127)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(3 173)	(5 268)	–	(8 441)
Additions to non-current assets	1 411	1 772	–	3 183

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale.

Factors used to identify segments are based on product and service line and divisional structuring, this is also how the Group reports financial results to management on a monthly basis.

Reportable segment revenue relates to external customers only. Revenue is derived solely from the South African customers, within the region in which the Group is situated. Therefore, no additional geographical areas have been identified.

The Bricks and Coal segments are the only regulatory environments in which the Group operates, i.e. manufacturing and mining.

Two customers contribute to more than 10% of the Group's revenue. These customers form part of the Bricks and Coal segments, respectively.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

27. CAPITAL COMMITMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised capital expenditure				
Capital equipment	8 056	5 475	1 133	–
– within one year	2 831	–	1 133	–
– in second to fifth year inclusive	5 225	5 475	–	–
Short-term leases – as lessee				
<i>Minimum lease payments due:</i>				
– within one year	23	98	–	12
– in second to fifth year inclusive	8	49	–	–

Short-term payments represent rentals payable by the Group for certain of its plant and equipment. No contingent rent is payable. See note 3 for details regarding accounting policy.

28. CONTINGENCIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.

Legislation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

28. CONTINGENCIES continued

Contingent liabilities

Group and Company

Environmental rehabilitation

The Group's operations are located in Nigel and are in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR site in terms of the RAMSAR convention on Wetlands of International importance). The precise particulars of the operations' proximity to the watercourse still need to be formally delineated by a wetland specialist.

However, considering the current location of the Group's operations and the potential movement of groundwater and drainage towards the Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and 3 as well as Portion 27, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after the closure.

The proximity assessment and results from the water monitoring are required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a long-term water quality-related risk at eventual quarry closure. In addition, the nature and extent for the direction of surface run-off still need to be fully understood. The cost determination of water quality-related effects and water use requirements (in terms of the National Water Act) remains uncertain at this stage and is not currently reasonably quantifiable.

Additional information that is obtained from further studies and monitoring could result in future obligations that would require the Group to recognise additional cost provisions for environmental rehabilitation.

Pending court cases

Court case 1 (Group):

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past six years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these consolidated and separate financial statements.

Court case 2 (Group and Company):

As announced on SENS on 27 February 2020, shareholders were advised, that the Company Secretary received a letter and various further e-mail correspondence for the request for a shareholders meeting. The request to call a shareholders meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors applied to the court in terms of section 61(5) of the Companies Act for an order to set aside the request for a shareholders meeting on the grounds that the request is frivolous and/or otherwise vexatious.

Court proceedings have commenced in the High Court of South Africa under Case Number 11622/2020 and court dates are being awaited subsequent to the receipt of an additional request for a shareholders meeting as noted below.

As announced on SENS on 15 and 19 February 2021, the Company Secretary received a letter for the request for another shareholders meeting. The request to call a shareholders meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors will in accordance with the provision of section 61(5) of the Companies Act, apply to court for an order to set aside the request for a shareholders meeting.

As per note 16, a provision of R1,2 million has been made in respect of legal fees relating to the matter noted above. The case could, however, result in additional future obligations that would require the Group to raise additional cost in respect of legal fees. As a result of uncertainty relating to the timing and amount of potential legal fees that would need to be incurred as well as the resultant outcome of the court case, the exact amount cannot be measured reliably at the date of these consolidated and separate financial statements.

As at the reporting date, the litigation in respect of the request during February to call a shareholders' meeting was still ongoing. Subsequently, as announced on SENS on 4 May 2021, shareholders were advised that the revised request to call a shareholders' meeting had been withdrawn.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
29. GUARANTEES				
<i>Guarantees in favour of the following have been provided:</i>				
Department of Minerals and Energy – Mining rehabilitation*	20 757	16 745	19 031	15 019
	20 757	16 745	19 031	15 019

* The Group has R6,6 million (2020: R4,5 million) cash secured in lieu of these guarantees, which are held in a money market trader account by its financiers (refer to note 10). Refer to note 15 in terms of provisions raised in respect of environmental restoration.

30. RELATED PARTIES

Identification of material related parties

Shareholders of Brikor Limited (Company) holding 5% or more of issued share capital at the reporting date:

E Meiring	20,15%
G Parkin	16,66%
E Parkin	16,60%
The Daniel Parkin Testamentary Trust *	16,46%
Elgar Share Trust *	8,17%
The Milan Rautenbach Testamentary Trust *	5,53%

* E Parkin is a trustee of these trusts and has a total indirect influence of more than 20% at the reporting date.

Subsidiaries:

Ilangabi Investments 12 (Pty) Ltd is the only significant subsidiary of the Group, is wholly-owned and is incorporated and operates in South Africa only. Refer to note 5 for the schedule of investments in other companies and the respective shareholding in the other subsidiaries.

The only restrictions applicable to the Group and its subsidiaries relate to the provision of inter-company financial assistance as well as provision of financial assistance to related or inter-related parties of the Company. Special resolutions to effect these matters have not been approved by 75% of the shareholders at the previous Annual General Meeting.

Directors:

Refer to note 31 for details of the Group's directors.

Relationships	Related director/shareholder
Entities controlled by directors/significantly influenced by shareholders	
Scarlett Sun 33 (Pty) Ltd	E Parkin
Nigel Brick and Clay (Pty) Ltd	E Parkin
Elgar Share Trust	E Parkin, G Parkin
Cyndara 113 (Pty) Ltd	E Parkin
Galiya (Pty) Ltd	E Parkin

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

30. RELATED PARTIES continued

		Group		Company	
	Description of activity	2021 R'000	2020 R'000	2021 R'000	2020 R'000
RELATED PARTY BALANCES					
Amounts included in shareholders' loans					
Estate late G v N Parkin					
Shareholder – loan 1 (refer to note 14)	Unsecured, interest 7,59% p.a., monthly repayments of R0,4 million	(10 657)	(14 704)	(10 657)	(14 704)
G Parkin					
Shareholder – loan (refer to note 14)	Unsecured, interest 7,59% from 1 March 2020, monthly repayments of R0,1 million	–	(1 374)	–	(1 374)
Loan accounts – owing to subsidiaries					
Ilangabi Investments 12 (Pty) Ltd	Unsecured, interest free	–	–	3 639	3 639
Amounts included in trade and other receivables/(trade and other payables) regarding related parties					
Ilangabi Investments 12 (Pty) Ltd	Coal and Clay	–	–	(4 685)	(4 839)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(237)	(328)	–	–
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	34	34	34	34
Nigel Brick and Clay (Pty) Ltd	Coal and Clay	(112)	846	–	–
Cyndara 113 (Pty) Ltd	Engineering	(97)	(97)	(97)	(97)
AP van der Merwe	Consultancy fees	(46)	(49)	(46)	(49)
Related party transactions					
Interest paid					
Estate late GvN Parkin shareholder's loan (loan 1)	On loan account	(978)	(1 273)	(978)	(1 273)
G Parkin shareholder's loan	On loan account	(68)	–	(68)	–
Consulting fees					
AP van der Merwe		(257)	(569)	(257)	(569)
Purchases from related parties					
Ilangabi Investments 12 (Pty) Ltd	Coal and clay	–	–	(16 173)	(25 124)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(3 236)	(3 751)	–	–
Nigel Brick and Clay (Pty) Ltd	Bricks	–	(1)	–	(1)
Galiya (Pty) Ltd	Transport	–	(19)	–	(19)

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

30. RELATED PARTIES continued

	Description of activity	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Sales to related parties					
Ilangabi Investments 12 (Pty) Ltd	Electricity, rental and recoveries	–	–	5 394	6 833
Ilangabi Investments 12 (Pty) Ltd	Management fees	–	–	8 936	10 618
Nigel Brick and Clay (Pty) Ltd	Mineral resources	3 785	8 041	–	–
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	–	3	–	–

31. DIRECTORS' EMOLUMENTS

	Basic ^{*1} R'000	Consulting fees [#] R'000	Bonus ^{*1} R'000	Motor allowance ^{*1} R'000	Medical aid ^{*1} R'000	Provident fund ^{*2} R'000	Total R'000
2021							
Executive directors							
G Parkin ^{*3}	2 466	–	–	–	7	107	2 580
JM Botha ^{*3 *9}	841	–	–	–	–	41	882
Non-executive directors							
AD Pellow ^{*3}	390	–	–	–	–	–	390
AM Mokate ^{*3}	219	–	–	–	–	–	219
KA Moremoholo ^{*3 *10}	46	–	–	–	–	–	46
AP van der Merwe ^{*3 *7}	120	257	–	–	–	–	377
SP Naude ^{*3}	250	–	–	–	–	–	250
N Hornby ^{*7}	119	–	–	–	–	–	119
JAI Ferreira ^{*7}	175	–	–	–	–	–	175
TN Hendry (Greef) ^{*7}	128	–	–	–	–	–	128
	4 754	257	–	–	7	148	5 166
Subsidiary executive directors							
TP Nhlapo ^{*4}	787	–	–	–	–	29	816
R Gaorekwe ^{*4}	787	–	–	–	–	29	816
	1 574	–	–	–	–	58	1 632
	6 328	257	–	–	7	206	6 798
Prescribed officer							
LA Craig ^{*3 *8}	1 796	–	–	–	–	14	1 810
	1 796	–	–	–	–	14	1 810
	8 124	257	–	–	7	220	8 608

^{*1} Short-term employee benefits.

^{*2} Post-employment benefits.

^{*3} Fees paid for services to Brikor Ltd Company.

^{*4} Fees paid for services to Ilangabi Investments 12 (Pty) Ltd.

^{*5} Resigned on 9 October 2019, shareholders did not approve re-election at the Annual General Meeting.

^{*6} Resigned on 15 January 2020.

^{*7} Resigned on 6 November 2020, shareholders did not approve election at the Annual General Meeting.

^{*8} Resigned as director on 9 October 2019; Appointed as Chief Financial Officer on 9 October 2019; Resigned as Chief Financial Officer on 31 July 2020.

^{*9} Appointed as director on 29 June 2020.

^{*10} Appointed as director on 14 December 2020; passed away on 27 May 2021.

[#] Refer to note 30 – related parties.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

31. DIRECTORS' EMOLUMENTS continued

	Basic ^{*1} R'000	Consulting fees [#] R'000	Bonus ^{*1} R'000	Motor allowance ^{*1} R'000	Medical aid ^{*1} R'000	Provident fund ^{*2} R'000	Total R'000
2020							
Executive directors							
G Parkin ^{*3}	2 434	–	–	–	7	120	2 561
LA Craig ^{*3 *8}	1 028	–	–	–	–	51	1 079
Non-executive directors							
AD Pellow ^{*3}	349	–	–	–	–	–	349
P Moyanga ^{*3 *5}	108	–	–	–	–	–	108
CB Madolo ^{*3}	128	–	–	–	–	–	128
AM Mokate ^{*3}	208	–	–	–	–	–	208
AP van der Merwe ^{*3 *7}	185	569	–	–	–	–	754
SP Naudé ^{*6}	76	–	–	–	–	–	76
N Hornby ^{*6 *7}	54	–	–	–	–	–	54
JAI Ferreira ^{*6 *7}	71	–	–	–	–	–	71
TN Hendry ^{*6 *7}	54	–	–	–	–	–	54
	4 695	569	–	–	7	171	5 442
Subsidiary executive directors							
TP Nhlapo ^{*4}	729	–	65	–	–	36	830
R Gaorekwe ^{*4}	708	–	65	–	–	35	808
Subsidiary non-executive director							
CB Madolo ^{*4 *6}	504	–	–	–	–	–	504
	1 941	–	130	–	–	71	2 142
	6 636	569	130	–	7	242	7 584
Prescribed officer							
LA Craig ^{*8}	678	–	143	–	–	34	855
	678	–	143	–	–	34	855
	7 314	569	273	–	7	276	8 439

^{*1} Short-term employee benefits.

^{*2} Post-employment benefits.

^{*3} Fees paid for services to Brikor Ltd Company.

^{*4} Fees paid for services to Ilangabi Investments 12 (Pty) Ltd.

^{*5} Resigned on 9 October 2019, shareholders did not approve re-election at the Annual General Meeting.

^{*6} Resigned on 15 January 2020.

^{*7} Resigned on 6 November 2020, shareholders did not approve election at the Annual General Meeting.

^{*8} Resigned as director on 9 October 2019; Appointed as Chief Financial Officer on 9 October 2019; Resigned as Chief Financial Officer on 31 July 2020.

^{*9} Appointed as director on 29 June 2020.

^{*10} Appointed as director on 14 December 2020.

[#] Refer to note 30 – related parties.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

32. RETIREMENT FUND

ACCOUNTING POLICIES

Defined contribution plan

The Group and its employees contribute to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Payments to defined contribution retirement benefit plans are recognised in profit or loss in the periods during which services are rendered by employees.

Defined contribution plan

The policy of the Group is to provide retirement benefits to its employees.

The Group contributes to two provident funds namely:

- The Funds at Work Provident Fund, an umbrella fund (the fund is administered by Momentum); and
- A fund administered by Liberty.

Both funds are governed by the Pension Fund Act of 1956.

The contributions paid by the Group to fund obligations for the payment of retirement benefits are charged to profit or loss as and when incurred. The Group contributed R3,4 million (2020: R8,1 million) for the year under review; 572 (2020: 595) employees are members of these provident funds.

The contributions paid by the Company to fund obligations for the payment of retirement benefits are charged to profit or loss as and when incurred. The Company contributed R2,9 million (2020: R6,1 million) for the year under review; 477 (2020: 484) employees are members of these provident funds.

The contributions to the fund have been classified under cost of sales and administration expenses in the statement of profit or loss and other comprehensive income.

33. FINANCIAL INSTRUMENTS : INFORMATION ON FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT

This note presents the Group's objectives, policies and processes for managing its financial risk and capital. Further quantitative disclosures are included throughout these financial statements.

In performing its operating, investing and financing activities, the Group is exposed to the following financial risks from the use of financial instruments:

Credit risk: the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivable and cash and cash equivalents.

Liquidity risk: the risk that the Group may not have, or may not be able to raise cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.

Market risk: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Group is exposed to interest rate risk.

In order to effectively manage those risks, the Board of Directors has approved specific strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks that the Group faces.

The major guidelines of this policy are the following:

- Minimise interest rate, currency and price risks for all kinds of transactions;
- All financial risk management activities are carried out and monitored at central level; and
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices.

Credit risk has been disclosed through the relevant notes to the consolidated and separate financial statements. No collateral is held on any of the financial assets, except for security held over trade receivables as disclosed in note 9.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT continued

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and activities.

The Group's Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The following tables summarises the carrying amount and fair value of financial assets and liabilities recorded at year end per IFRS9 category:

IFRS9 category:	Group		Company	
	Carrying amount/fair value			
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Financial assets				
<i>Measured at cost less accumulated impairment</i>				
– Investment in subsidiaries (refer note 5)	–	–	3 194	3 000
<i>Measured at fair value through profit or loss</i>				
– Restricted investments (refer note 6)	22 335	19 662	–	–
<i>Measured at amortised cost</i>				
– Loans to subsidiaries (refer note 5)	–	–	4 811	4 783
– Restricted investments (refer note 6)	1 511	1 504	1 511	1 504
– Trade and other receivables (refer note 9)	23 758	27 987	16 795	18 728
– Cash and cash equivalents (refer note 10)	15 287	4 804	7 792	224
Balance at 28 February	62 891	53 957	34 103	28 239
Financial liabilities				
<i>Measured at amortised cost</i>				
– Loans from subsidiaries (refer note 5)	–	–	3 637	3 637
– Shareholders' loans (refer note 14)	10 657	16 078	10 657	16 078
– Lease liability (refer note 13)	4 255	–	4 255	–
– Trade and other payables (refer note 16)	16 085	22 932	13 666	18 550
– Bank overdraft (refer note 10)	–	835	–	–
Balance at 28 February	30 997	39 845	32 215	38 265

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

In the ordinary course of business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk.

Specific actions have been taken by the Group through the monitoring and planning to ensure that sufficient liquidity is available to meets its liabilities when due. This is done through ongoing review of terms of shareholders' loans, future commitments and cash flow forecasts.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT continued

The table below analyses the Groups financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount R'000	Contractual cash flows R'000	Less than one year R'000	Between one and five years R'000
Group				
As at 28 February 2021				
Shareholders' loans	10 657	11 635	5 025	6 610
Lease liability	4 255	4 484	2 340	2 144
Trade and other payables	16 085	16 085	16 085	–
	30 997	32 204	23 450	8 754
As at 29 February 2020				
Shareholders' loans	16 078	18 092	6 457	11 635
Trade and other payables	22 932	22 932	22 932	–
Bank overdraft	835	841	841	–
	39 845	41 865	30 230	11 635
Company				
As at 28 February 2021				
Shareholders' loans	10 657	11 635	5 025	6 610
Lease liability	4 255	4 484	2 340	2 144
Trade and other payables	13 666	13 666	13 666	–
Loans from subsidiaries	3 637	3 637	–	3 637
	32 215	33 422	21 031	12 391
As at 29 February 2020				
Shareholders' loans	16 078	18 092	6 457	11 635
Trade and other payables	18 550	18 550	18 550	–
Loans from subsidiaries	3 637	3 637	–	3 637
	38 265	40 279	25 007	15 272

The details of performance guarantees provided in favour of other parties are detailed in note 29.

At present the Group does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Group expects the operating activities to generate sufficient cash inflows. In addition, the Group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

During August 2020 the Company applied for an overdraft facility amounting to R5 million. Resolutions were signed by the main Board and a facility amounting to R4,1 million was granted by Nedbank Limited during the 2021 financial year.

At the reporting date, the Company had R4,1 million (2020:Rnil) of undrawn facilities and the Group had R9,1 million (2020: R4,2 million) of undrawn facilities.

The Financial Director provides the Board with a schedule showing the maturity of financial liabilities and unused borrowing facilities to assist the Board in monitoring liquidity risk.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND FINANCIAL RISK MANAGEMENT continued

Market risk

Interest rate risk

Financial assets and liabilities that are sensitive to fluctuations in interest rates are cash and cash equivalents, bank overdrafts, and trade and other payables. The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market.

The Group manages the most significant interest rate risk through a fixed interest rate on shareholders' loans.

Sensitivity analysis

An increase in interest rates by 100 basis points, with all other variables remaining constant is not expected to have a material impact on profit after tax.

The analysis has been performed for floating interest rate financial liabilities and assets. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses and have been determined to have no material effect on the Group's risk.

The Group does not have any fair value sensitivity in respect of fixed rate instruments as at the reporting date.

Other market price risk

Equity price risk arises from changes in quoted market prices of listed investments included in the underlying pool of equity investments as well as changes in the fair value of the underlying equity investments.

Fair values

The fair value of financial instruments have been disclosed in the relevant notes.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total capital and reserves, and the level of dividends to ordinary shareholders.

The Group manages and makes adjustments to the capital structure, which consists of total capital and reserves and the level of dividends to ordinary shareholders as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt thereof. The Group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the Group's approach to capital management during the year. Refer to note 12 for a quantitative summary of authorised and issued capital. Refer note 34 for changes subsequent to year-end.

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is classified as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratios are as follows:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Total liabilities	121 763	138 127	82 234	85 974
Less: Cash and cash equivalents	(15 287)	(4 804)	(7 792)	(224)
Adjusted net debt	106 476	133 323	74 442	85 750
Total equity	80 510	68 536	45 362	45 508
Adjusted net debt to equity ratio	1,3	1,9	1,6	1,9

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

34. SUBSEQUENT EVENTS

Impact of COVID-19

COVID-19 existed globally at the reporting date and is in itself not a subsequent event, however, the continuous extension of the National State of Disaster are events that occurred after the reporting date. The impact of COVID-19 on accounting standards that require the use of forward-looking information was assessed based on information available as at 28 February 2021 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material. The impact of the National State of Disaster and the COVID-19 pandemic was also taken into account in the preparation of budgets and cash flow forecasts as per note 35 Going Concern.

Acquisition of a 40% shareholding in Zingaro Holdings (Pty) Ltd

As announced on SENS on 3 March 2021, Brikor has entered into a written agreement on 2 March 2021 to acquire 40% of the issued shares of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021 ("Effective Date") ("the Transaction").

Rationale for the Transaction

Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles. Zingaro is well-positioned with a substantial market share. Zingaro also specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment. Numerous synergies exist between Brikor and Zingaro and the Board of directors of Brikor believes these potential synergies will result in additional income and profit opportunities for the combined group.

Salient terms of the Transaction

Brikor acquired 40% of all the ordinary shares in Zingaro from the Sellers for a purchase consideration of R50 000 000, which purchase consideration shall be discharged:

- as to the amount of R28 950 000 thereof, by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up; and
- as to the balance, being an amount of R21 050 000, by Brikor crediting the said amount of R21 050 000 to the loan account of the Sellers in the books of account of Brikor which loan accounts ("the Subject Loan") shall:
 - bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the Effective Date until the date upon which the Subject Loan has been repaid in full to the Sellers; and
 - be paid in monthly instalments of R500 000 each (including capital and interest), it being agreed that the amount of the Subject Loan outstanding as at the fifth anniversary of the Effective Date shall be paid by Brikor to the Sellers within 10 business days after the fifth anniversary of the Effective Date. In addition, Brikor has the right to repay the outstanding Subject Loan from time to time in greater instalments and more frequently.

The Sellers have granted Brikor an irrevocable right and option from the Effective Date until 30 April 2023 to call the remaining 60% shareholding in Zingaro from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up.

The Transaction is unconditional in all respects.

Other

Other than as disclosed above and in these consolidated and separate financial statements, management is not aware of any material events which occurred subsequent to the year ended 28 February 2021 and which need adjustment or disclosure.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2021

35. GOING CONCERN

The Group incurred a profit for the year ended 28 February 2021 of R12 million (2020: R1,5 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R80,5 million (2020: R68,5 million). Furthermore, the Group is liquid as current assets exceeded current liabilities by R22,9 million (2020: R 25,1 million).

The Company incurred a loss for the year ended 28 February 2021 of R0,2 million (2020: R4,4 million) and as of that date the Company is solvent as the total assets exceeded the total liabilities by R45,4 million (2020: R45,5 million). Furthermore, the Company is liquid as current assets exceeded current liabilities by R9,8 million (2020: 15,7 million).

The directors considered the financial performance of the Group and Company to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. The budgets and cash flow forecast allow for best estimates and assumptions, *inter alia*, the return of sales volumes and prices to levels achieved during the last six months of the 2021 financial year.

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the Group and Company's ability to continue as going concerns. The directors believe that the COVID-19 pandemic will not have a material impact on the business activities of the Group or Company, due to the Group and Company achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid. Based on the above, no material uncertainties have been identified in relation to the ability of the Group and Company to remain going concerns for at least the next twelve months. The directors thus believe that the Group and Company are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

36. DIRECTORS' INTEREST IN SHARES

Name of director	Beneficial		Total
	Direct	Indirect	
As at 28 February 2021			
<i>Executive</i>			
G Parkin	107 513 550	17 563 067	125 076 617
	107 513 550	17 563 067	125 076 617
As at 29 February 2020			
<i>Executive</i>			
G Parkin	107 291 950	17 563 067	124 855 017
	107 291 950	17 563 067	124 855 017

The Company has not been advised of any changes in the above interest of the directors between the year-end and the date of this report. G Parkin does not have voting power over the indirect beneficial interest in shares. He is, however, entitled to profits on the sale of the 17 563 067 indirect holding. The shares held are not subject to security, guarantees or any collateral.

"Never confuse activity with accomplishment."

Lori Richardson

SHAREHOLDERS





BBBEE SHAREHOLDING

as at 26 February 2021

BRIKOR LIMITED'S EFFECTIVE BBBEE OWNERSHIP

The most recent BBBEE shareholding, as at 26 February 2021, shows that Brikor has 1 115 (28 February 2020: 551) shareholders and an issued share capital of 645 242 031 (28 February 2020: 645 242 031) shares, with an effective BBBEE shareholding of 11,68% (28 February 2020: 11,61%).

Effective women BBBEE shareholding decreased from 4,51% to 3,01% as at 26 February 2021. The decrease in the BBBEE shareholding is mainly attributable to Investec's exit as a shareholder, as shown in the Economic Interest section below.

Shareholder classification

A detailed inspection of Brikor Limited's share register was conducted to establish the shareholder composition.

	Number of shareholdings	%	Number of shares	%
Banks/brokers	13	1,17	1 391 507	0,22
Close corporations	9	0,81	141 406	0,02
Endowment fund	1	0,09	8 000	0,00
Nominees and trusts	33	2,96	210 616 045	32,64
Other corporations	6	0,54	1 319 744	0,20
Private companies	12	1,08	6 165 594	0,96
Retail investors	1 040	93,27	409 699 735	63,50
Share Trust	1	0,09	15 900 000	2,46
	1 115	100,00	645 242 031	100,00

Economic interest

Detailed composition of BBBEE shareholders in Brikor Limited (economic interest)

BBBEE shareholder types	Number of BBBEE shareholdings	% of BBBEE shareholdings	Number of BBBEE shares	% of BBBEE shares	Effective female BBBEE shares	% of female BBBEE shares
Direct ownership – economic interest						
Black females	21	1,88	16 862 437	2,61	16 862 437	2,61
Black males	103	9,24	15 873 910	2,46	–	0,00
Black nominees and trusts	6	0,54	13 181 413	2,04	–	0,00
Black endowment fund	1	0,09	8 000	0,00	–	0,00
Black private companies	3	0,27	13 800	0,00	–	0,00
Black other corporations	2	0,18	1 529	0,00	–	0,00
Direct institutional ownership – economic interest						
Banks/brokers	10	0,90	367 877	0,06	204 535	0,03
	146	13,09	46 308 966	7,18	17 066 972	2,65

BBBEE shareholding

continued

as at 26 February 2021

Economic interest (continued)

Sale/loss of ordinary shares – Investec exit

Shareholder	BBBEE designated groups economic interest (2,5%)		BBBEE economic interest (25%)		Women BBBEE economic interest (10%)	
Investec	2 325 421	0,36	29 067 766	4,50	2 383 557	0,37
	2 325 421	0,36	29 067 766	4,50	2 383 557	0,37

Economic interest – direct ownership

Total BBBEE shares recognised	6 721 000	0	19 450 529	75 376 732
	Designated groups' BBBEE economic interest	New entrants BBBEE economic interest	Women BBBEE economic interest	BBBEE economic interest
Economic interest in Brikor Limited	1,04%	0,00%	3,01%	11,68%

Voting rights

Detailed composition of BBBEE shareholders in Brikor Limited (voting rights)

	Number of BBBEE share-holdings	% of BBBEE share-holdings	Number of BBBEE shares	% of BBBEE shares	Effective female BBBEE shares	% of female BBBEE shares
Direct ownership – voting rights						
Black females	21	1,88	16 862 437	2,61	16 862 437	2,61
Black males	103	9,24	15 873 910	2,46	–	0,00
Black nominees and trusts	6	0,54	13 181 413	2,04	–	0,00
Black endowment fund	1	0,09	8 000	0,00	–	0,00
Black private companies	3	0,27	13 800	0,00	–	0,00
Black other corporations	1	0,01	19 781 736	0,10	19 364 879	0,08
Direct institutional ownership – voting rights						
Banks/brokers	10	0,90	395 483	0,06	217 095	0,03
	145	12,93	66 116 779	7,28	36 444 411	2,73

Sale/loss of ordinary shares – Investec exit

Shareholder	BBBEE voting rights (25%)		Women BBBEE voting rights (10%)	
Investec	29 067 766	4,50	2 383 557	0,37
	29 067 766	4,50	2 383 557	0,37

BBBEE shareholding

continued

as at 26 February 2021

Voting rights (continued)

Voting rights – direct ownership and mandated investments

Total BBBEE votes recognised	6 721 000	0	38 827 968	95 184 545
	Designated groups' BBBEE economic interest	New entrants BBBEE economic interest	Women BBBEE economic interest	BBBEE economic interest
Voting rights in Brikor Limited	1,04%	0,00%	6,02%	14,75%

	Effective designated group's BBBEE shareholding	Effective women BBBEE shareholding	Effective BBBEE shareholding
Economic interest			
BBBEE shares recognised	6 721 000	19 450 529	75 376 732
Final BBBEE shareholding in Brikor Limited (economic interest)	1,04%	3,01%	11,68%
Voting rights			
BBBEE votes recognised	6 721 000	38 827 968	95 184 545
Final BBBEE shareholding in Brikor Limited (voting rights)	1,04	6,02%	14,75%

Shareholder categories

	Number of shareholders	%	Number of shares	%
Retail investors				
Black females	21	1,88	16 868 437	2,61
Black males	103	9,24	15 873 910	2,46
White females	255	22,87	244 867 720	37,95
White males	661	59,28	132 095 668	20,47
	1 040	93,27	409 699 735	63,50
Private companies				
Black private companies	3	0,27	13 800	–
White private companies	9	0,81	6 165 794	0,95
	12	1,08	6 165 594	0,95
Nominees and trusts				
Black nominees and trusts	6	0,54	13 181 413	2,04
White nominees and trusts	27	2,42	197 434 632	30,60
	33	2,96	210 616 045	32,64
Endowment fund				
Nelson Mandela Children's Fund	1	0,09	8 000	–
	1	0,09	8 000	–

BBBEE shareholding

continued

as at 26 February 2021

Nominees and trusts

All nominees, trusts, family trusts and late estates have been allocated to this category. As the ultimate beneficiaries cannot be ascertained from the share register, the female component cannot be calculated. The same method that was applied to the retail investors' BBBEE calculations was used in order to identify the black shareholders.

	Number of shareholdings	% of shareholdings	Shares	% of shares
Nominees and trusts				
Black nominees and trusts	6	0,54	13 181 413	2,04
White nominees and trusts	27	2,42	197 434 632	30,60
	33	2,96	210 616 045	32,64

Banks/Brokers

	Number of shareholdings	Shares	% of shareholdings	Effective female BBBEE shareholding %	Effective BBBEE shareholding %
Banks/Brokers – Economic interest					
Peresec Prime Brokers	2	327 831	0,05	0,017	0,03
Investec Securities	1	250 000	0,04	0,004	0,01
Momentum Metropolitan Holdings	1	245 000	0,04	0,006	0,01
Standard Bank	1	190 519	0,03	0,003	0,01
Absa Stockbrokers	1	152 750	0,02	0,001	–
PSG Konsult	1	116 330	0,02	–	–
Sanlam	1	53 500	0,01	0,002	–
Sasfin	1	6 300	–	–	–
First National Bank	1	3 144	–	–	–
	10	1 345 374	0,21	0,034	0,06

BBBEE shareholding

continued

as at 26 February 2021

Banks/Brokers (continued)

	Number of shareholdings	Shares	% of share- holdings	Effective female BBBEE shareholding %	Effective BBBEE share- holding %
Banks/Brokers – Voting rights					
Peresec Prime Brokers	2	327 831	0,05	0,017	0,03
Investec Securities	1	250 000	0,04	0,005	0,01
Momentum Metropolitan Holdings	1	245 000	0,04	0,006	0,01
Standard Bank	1	190 519	0,03	0,004	0,01
Absa Stockbrokers	1	152 750	0,02	0,001	–
PSG Konsult	1	116 330	0,02	–	–
Sanlam	1	53 500	0,01	0,002	–
Sasfin	1	6 300	–	–	–
First National Bank	1	3 144	–	–	–
	10	1 345 374	0,21	0,036	0,07



MARKET PERFORMANCE

The suspension of Brikor's listing on the Alt^x of the JSE was uplifted on 23 July 2020. The table below provides information on the Company's share trading performance during the period 23 July 2020 to 28 February 2021.

	F2021
Opening price 23 July 2020 (cents)	9
Closing price 28 February 2021 (cents)	22
Closing high for the period (cents)	28
Closing low for the period (cents)	5
Number of shares in issue	645 242 031
Volume traded during the period	13 474 096
Ratio of volume traded to shares issued (%)	2
Rand value traded during the period (R)	2 115 322
Price:earnings ratio as at 28 February 2021	-13,75
Earnings yield as at 28 February 2021	-7,27
Market capitalisation as at 28 February 2021 (R)	141 953 246
Number of shareholders as at 1 March 2020	541
Number of shareholders as at 26 February 2021	1 115
Increase in number of shareholders during the period (%)	106,1

SHAREHOLDERS' DIARY

	2021
Financial year-end	28 February
Year-end results published	Monday, 31 May
Record date for the purposes of determining which shareholders are entitled to receive the Notice of Annual General Meeting	Friday, 18 June
Mailing of Integrated Annual Report	Friday, 25 June
Last day to trade for the purposes of being entitled to participate in and vote at the Annual General Meeting	Tuesday, 17 August
Record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company for the purpose of being entitled to participate in and vote at the Annual General Meeting	Friday, 20 August
Last day to lodge forms of proxy for the Annual General Meeting for administrative purposes by 10:00 on	Monday, 23 August
Annual General Meeting at 10:00 on	Wednesday, 25 August
Results of the Annual General Meeting published on SENS	Wednesday, 25 August

Notes:

1. All times referred to above are local times in South Africa.
2. Any variation of the above dates and times will be approved by the JSE and released on SENS.
3. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire shares after the last day to trade in order to be eligible to vote at the Annual General Meeting, will not be able to vote thereat.
4. A shareholder may submit the form of proxy at any time before the commencement of the Annual General Meeting (or any adjournment of the Annual General Meeting).
5. If the Annual General Meeting is adjourned or postponed, forms of proxy submitted for the initial Annual General Meeting will remain valid in respect of any such adjournment or postponement.

■ ■ NOTICE OF ANNUAL GENERAL MEETING

BRIKOR LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013247/06

JSE share code: BIK

ISIN: ZAE000101945

("Brikor" or "the Company" or "the Group")

IMPORTANT INFORMATION

One of Brikor's top priorities is to protect the health and safety of all its stakeholders and, with this in mind, the Company will continue to closely monitor developments around COVID-19 (coronavirus).

Brikor will continue to evaluate the implications of regulations announced by the South African government, as well as any potential future measures that may be imposed by the government or recommended by the World Health Organisation.

Should further restrictions be placed on public gatherings by the South African government, which are applicable at the date of the AGM, Brikor's AGM format would change to a virtual meeting, accessible through electronic participation. The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2) (a) of the Companies Act.

Shareholders should regularly check the release of SENS announcements on the JSE Limited's platform and on the Brikor website for any further updates.

Please refer to the pages 253 and 254, relating to quorum, electronic participation, identification, voting and proxies.

NOTICE

Notice is hereby given that the AGM of Brikor shareholders recorded in the register as at Friday, 18 June 2021 will be held at Wisteria Hall, Riverside Country Estate, 163 Haasbroek Road, Grootvaly, Springs at 10:00 on Wednesday, 25 August 2021, for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions set out below in the manner required by the Companies Act.

PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

Notice of Annual General Meeting

continued

AGENDA

- Presentation of the audited consolidated and separate financial statements of Brikor, including the Directors' Report and the Report of the Audit and Risk Committee for the year ended 28 February 2021. The Integrated Annual Report, of which this notice forms part, contains the annual financial statements, including the unmodified audit opinion, and the aforementioned reports.
- Presentation of the Social and Ethics Report, outlined on pages 99 to 104.
- To consider and, if deemed fit, approve, with or without modification, the ordinary and special resolutions that follow.

Kindly note that in terms of section 63(1) of the Companies Act, no 71 of 2008, as amended ("the Companies Act"), meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licenses and passports.

For any of the ordinary resolutions numbers 1 to 7 (inclusive) and 11 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 8 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof. Ordinary resolutions 9 and 10 require endorsement through non-binding advisory votes by shareholders. Should either resolution 9 or resolution 10 be voted against by 25% or more of the voting rights exercised, the Board of Directors will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements, which include the external Independent Auditor's Report, the Audit and Risk Committee Report and the Directors' Report for the year ended 28 February 2021, have been distributed as required and will be presented to shareholders at the AGM.

SOCIAL AND ETHICS REPORT

The Company's Social and Ethics Report included on pages 99 to 104 of the Integrated Annual Report will serve as the Social and Ethics Report to the Company's shareholders. Any specific questions to the Social and Ethics Committee may be sent to the Company Secretary prior to the AGM.

1. RE-APPOINTMENT AND CONFIRMATION OF APPOINTED DIRECTORS

Ms Mamsy Mokate retires by rotation. The Board has considered Ms Mokate's experience, expertise and contribution to the Board and has confirmed her continuance as a director of the Board. Ms Mokate, being eligible, offered herself for re-election as director of the Company.

Ms Funeka Mtsila was appointed as an independent non-executive director on 18 June 2021. Ratification of this appointment by shareholders is required.

Notice of Annual General Meeting

continued

Accordingly, shareholders are requested to consider and, if deemed fit, approve ordinary resolutions number 1 and 2 set out below.

1.1 Ordinary resolution number 1

“RESOLVED that the re-appointment of Ms Mamsy Mokate as an Independent Non-Executive Director of the Company be and is hereby approved.”

1.2 Ordinary resolution number 2

“RESOLVED that Ms Funeka Mtsila’s appointment as an Independent Non-Executive Director of the Company, in terms of the Memorandum of Incorporation of the Company, be and is hereby confirmed.”

Explanatory note

In accordance with the Company’s Memorandum of Incorporation (“MOI”), one third of the non-executive directors are required to retire at each AGM and may offer themselves for re-election. In addition, the appointment of any person to the Board of Directors is subject to confirmation by the shareholders.

The reason for ordinary resolution number 1 is that the MOI of the Company, the Listings Requirements of the JSE Limited (“the Listings Requirements”) (“JSE”) and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotate at every AGM of the Company and, being eligible, may offer themselves for re-election as directors.

The MOI of the Company and the Listings Requirements also require that any director appointed by the Board of the Company be confirmed by the shareholders at the AGM.

A brief curriculum vitae of each of the directors up for re-election and confirmation to the Board appears on page 42.

2. APPOINTMENT OF AUDITORS

Ordinary resolution number 3

“RESOLVED that the re-appointment of Nexia SAB&T, Registered Auditors, and Ms Aadila Aboobaker as designated audit partner, upon the recommendation of the Audit and Risk Committee, as independent auditors of the Company be and is hereby approved.”

Explanatory note

The reason for ordinary resolution number 3 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the AGM of the Company as required by the Companies Act.

Notice of Annual General Meeting

continued

3. APPOINTMENT OF AUDIT AND RISK COMMITTEE MEMBERS ("AUDIT AND RISK COMMITTEE")

Note: For avoidance of doubt, all references to the Audit and Risk Committee of the Company is a reference to the Audit Committee as contemplated in the Companies Act.

It is proposed that the independent non-executive directors, as indicated below, be appointed as members of the Audit and Risk Committee.

3.1 Ordinary resolution number 4

"RESOLVED that Mr Steve Naudé, being eligible, be and is appointed as a member and Chairperson of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next AGM of the Company."

3.2 Ordinary resolution number 5

"RESOLVED that Ms Mamsy Mokate, subject to the passing of ordinary resolution number 1, being eligible, be and is appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next AGM of the Company."

3.3 Ordinary resolution number 6

"RESOLVED that Ms Funeka Mtsila, subject to the passing of ordinary resolution number 2, being eligible, be and is appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next AGM of the Company."

The reason for ordinary resolutions numbers 4 to 6 (inclusive) is that the Company, being a public listed company, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each AGM of a Company.

A brief curriculum vitae of each of the directors up for election to the Audit and Risk Committee appears on pages 42 and 43.

4. AUTHORISED AND UNISSUED ORDINARY SHARES

Ordinary resolution number 7

"RESOLVED that the authorised and unissued ordinary share capital of the Company be and is hereby placed under the control of the directors of the Company which directors are, subject to the JSE Listings Requirements and the provisions of the Companies Act, authorised to allot and issue and otherwise dispose of all or part thereof at their discretion any of such shares at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next AGM of the Company."

Notice of Annual General Meeting

continued

5. GENERAL AUTHORITY TO ALLOT AND ISSUE ORDINARY SHARES FOR CASH

Ordinary resolution number 8

"RESOLVED that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provision of the Company's MOI, the Companies Act and the JSE Listings Requirements provided that:

- (a) the equity securities which are the subject of this general authority be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- (b) the equity securities must be issued to public shareholders, as defined in the Listings Requirements, and not to related parties;
- (c) the equity securities which are the subject of this general authority:
 - (1) may not, in aggregate, exceed 50% of the Company's listed equity securities as at the date of the AGM, being the equivalent of 322 621 016 (three hundred and twenty-two million six hundred and twenty-one thousand and sixteen) equity securities;
 - (2) any equity securities issued in terms of this general authority must be deducted from the initial number of equity securities available under this general authority; and
 - (3) in the event of a subdivision or consolidation of issued equity securities during the period of this general authority, the general authority must be adjusted accordingly to represent the same allocation ratio;
- (d) the general authority shall be valid until Brikor's next AGM, or for 15 months from the date on which the general authority for such ordinary resolution was passed, whichever period is shorter subject to the Listings Requirements and any other restrictions set out in this authority;
- (e) the maximum discount at which equity securities may be issued is 10% of the weighted average traded price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the equity securities. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 30-business-day period;
- (f) an announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per share will be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the general issue for cash; and
- (g) this authority includes any options/convertible securities that are convertible into an existing class of equity securities."

Explanatory note

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the Company)), it is necessary for the Board of the Company to obtain prior authority of the shareholders in accordance with the Listings Requirements and the MOI of the Company. Accordingly, the reason for ordinary resolution number 12 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements.

In terms of the Listings Requirements the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this AGM will be required for this authority to become effective.

Notice of Annual General Meeting

continued

6. NON-BINDING ENDORSEMENT OF BRIKOR'S REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

6.1 Ordinary resolution number 9

"RESOLVED that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Policy as set out on pages 87 to 92 of the Integrated Annual Report."

6.2 Ordinary resolution number 10

"RESOLVED that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Implementation Report as set out on pages 93 to 98 of the Integrated Annual Report."

Explanatory note

The reason for ordinary resolution numbers 9 and 10 is that King IV™ recommends and the JSE Listings Requirements in paragraph 3.84(k) stipulates that the Remuneration Policy and the Remuneration Implementation Report of the Company be endorsed through separate non-binding advisory votes by shareholders.

Should either resolution 9 or resolution 10 be voted against by 25% or more of the voting rights exercised, the Board of Directors will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised.

7. GENERAL AUTHORITY TO THE COMPANY TO REPURCHASE ITS OWN SHARES

Special resolution number 1

"RESOLVED, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of the Company and the Listings Requirements, including, *inter alia*, that:

- i. the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- ii. this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- iii. an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details thereof, as well as for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter;
- iv. the general authority to repurchase is limited to a maximum of 20% (twenty percent) in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- v. a resolution has been passed by the Board of Directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Company and its subsidiaries ("the Group");
- vi. a decision by the Board involving the repurchase of more than 5% (five percent) of the issued shares of any class will, as required by section 48(8) of the Companies Act, be subject to the requirements of sections 114 and 115 of the Companies Act;
- vii. the general repurchase is authorised by the Company's MOI;

Notice of Annual General Meeting

continued

- viii. repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business day period;
- ix. the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the directors a general authority in terms of its MOI and the Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 1. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2) (b)(i) of the Companies Act, subsidiaries may not hold more than 10% (ten percent), in aggregate, of the number of the issued shares of a Company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

Information relating to special resolution number 1

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 1 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Company and its subsidiaries ("the Group") would not be compromised as to the following:
 - the Group and Company's ability in the ordinary course of business to pay its debts for a period of twelve months after the date of this AGM and for a period of twelve months after the repurchase;
 - the consolidated assets of the Group and the Company will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Group and the Company. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited financial statements of the Group and the Company;
 - the ordinary capital and reserves of the Group and the Company after the repurchase will remain adequate for the purpose of the business of the Group and the Company for a period of twelve months after the AGM and after the date of the share repurchase; and
 - the working capital available to the Group and the Company after the repurchase will be sufficient for the Group and the Company's requirements for a period of twelve months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the Company is contained in the integrated report of which this notice forms part, as well as the full set of financial statements, being available on Brikor's website or which may be requested and obtained in person, at no charge, at the registered office of Brikor during office hours.

Notice of Annual General Meeting

continued

2. The directors, whose names appear on pages 42 to 45 of the Integrated Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the JSE Listings Requirements.

In order for this special resolution number 1 to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

8. INTER-COMPANY FINANCIAL ASSISTANCE

Special resolution number 2

"RESOLVED in terms of Section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance") will herein have the meaning attributed to it in Section 45(1) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related") will herein have the meaning attributed to it in Section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the Company."

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to grant the directors of the Company the authority, until the next AGM, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

In order for this special resolution number 2 to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

9. FINANCIAL ASSISTANCE – THIRD-PARTY INTER-COMPANY TRANSACTIONS

Special resolution number 3

"RESOLVED, in terms of Section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related to the Company ("related" or "inter-related" will herein have the meaning attributed to it in Section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next AGM of the Company."

Notice of Annual General Meeting

continued

Reason for and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next AGM of the Company, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In order for this special resolution number 3 to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

In terms of and pursuant to the provisions of Sections 44 and 45 of the Companies Act, the directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of twelve months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's MOI have been met.

10. AUTHORISATION OF THE DIRECTORS TO IMPLEMENT THE SPECIAL AND ORDINARY RESOLUTIONS

Ordinary resolution number 11

"RESOLVED that any one director of the Company or the Company Secretary be and is hereby authorised to do all such things as are necessary and to sign all such documents issued by the Company so as to give effect to such ordinary resolutions and special resolutions with or without amendment and, where applicable, registered."

11. OTHER BUSINESS

To transact such other business as may be required at an AGM.

Notice of Annual General Meeting

continued

QUORUM, ELECTRONIC PARTICIPATION, IDENTIFICATION, VOTING AND PROXIES

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the Company personally present or represented by a proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the AGM. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196), for the purposes of being entitled to attend, participate in and vote at the AGM is Friday, 20 August 2021.

Electronic participation

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the AGM electronically, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the transfer secretaries, at the address below, to be received by the transfer secretaries at least seven business days prior to the AGM (thus to be confirmed) for the transfer secretaries to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. The Company reserves the right not to provide for electronic participation at the AGM if it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to participate in this manner.

Identification, voting and proxies

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("the share register") for purposes of being entitled to receive this notice is Friday, 18 June 2021.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this AGM is Friday, 20 August 2021 with the last day to trade being Tuesday, 17 August 2021.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairperson of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholders from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below before 10:00 on Monday, 23 August 2021, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the Chairperson of the AGM at any time prior to the commencement of the AGM.
6. Dematerialised shareholders, other than own name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

Notice of Annual General Meeting

continued

7. Dematerialised shareholders, other than own name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board



Fusion Corporate Secretarial Services (Pty) Ltd

Registration number 2000/011257/21

Company Secretary

Melinda Gous

18 June 2021

Registered office

Suite E014
Midlands Office Park East
Mount Quray Street
Midlands Estate
Midstream, 1692

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Private Bag X9000
Saxonwold, 2132

FORM OF PROXY



BRIKOR LIMITED

Registration number: 1998/013247/06 • Incorporated in the
Republic of South Africa • JSE code: BIK • ISIN: ZAE000101945
("Brikor" or "the Company" or "the Group")

ONLY TO BE COMPLETED BY CERTIFICATED AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders other than those with "own name" registration who wish to attend the AGM, must inform their CSDP or broker of their intention to attend and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the AGM in person and vote, or, if they do not wish to attend the meeting in person, but wish to be represented thereat, provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker in the manner and cut-off time stipulated therein.

An ordinary shareholder entitled to attend and vote at the AGM to be held at Wisteria Hall, Riverside Country Estate, 163 Haasbroek Road, Grootvaly, Springs at 10:00 on Wednesday, 25 August 2021 is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the Company.

All forms of proxy must be lodged at the Company or the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132) before the time appointed for the meeting, excluding Saturdays, Sundays and public holidays or may be tendered at the meeting.

I/We (please print name in full)

of (address)

Telephone work:

Telephone home:

being an ordinary shareholder(s) of the company holding ordinary shares in the company do hereby appoint

1. _____ or failing him/her
2. _____ or failing him/her
3. _____ the chairman of the annual general meeting

or failing him/her the Chairperson of the AGM as my/our proxy to act for me/us at the AGM of the Company to be held on Wednesday, 25 August 2021 and at any adjournment thereof, for the purpose of considering, and, if deemed fit, to vote for or against the resolution with or without modification and/or to abstain from voting thereon, in respect of ordinary shares in the issued capital of the Company registered in my/our name(s) in accordance with the following instructions:

		Number of votes (one per share)		
		For	Against	Abstain
Ordinary resolution number 1:	Re-appointment of Ms Mamsy Mokate as an Independent Non-Executive Director			
Ordinary resolution number 2:	Appointment of Ms Funeka Mtsila as an Independent Non-Executive Director			
Ordinary resolution number 3:	Re-appointment of auditors, Nexia SAB&T, represented by Aadila Aboobaker			
Ordinary resolution number 4:	Appointment of Mr Steve Naudé as member and Chairperson of the Audit and Risk Committee			
Ordinary resolution number 5:	Appointment of Ms Mamsy Mokate as member of the Audit and Risk Committee			
Ordinary resolution number 6:	Appointment of Ms Funeka Mtsila as member of the Audit and Risk Committee			
Ordinary resolution number 7:	The authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the directors			
Ordinary resolution number 8:	General authority to allot and issue ordinary shares for cash			
Ordinary resolution number 9:	Non-binding endorsement of Brikor's Remuneration Policy			
Ordinary resolution number 10:	Non-binding endorsement of Brikor's Remuneration Implementation Report			
Special resolution number 1:	General authority to the Company to repurchase its own shares			
Special resolution number 2:	Section 45 authority to provide financial assistance to companies related to or inter-related to Brikor			
Special resolution number 3:	Section 44 authority to provide financial assistance to companies related to or inter-related to Brikor			
Ordinary resolution number 11:	Authorisation of the Directors to implement the special and ordinary resolutions			

Insert an "X" in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each member entitled to participate and vote at the meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in his/her stead.

Signed at _____ on _____ 2021

Signature _____

Assisted by (where applicable) _____

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

(which include, *inter alia*, a summary of the rights established by Section 58 of the Companies Act, as amended (Companies Act)).

Instructions on signing and lodging the AGM proxy form

1. A Brikor Limited shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairperson of the AGM". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Brikor Limited shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairperson of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.
4. It is recommended that the proxy forms should be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to the transfer secretaries at Private Bag X9000, Saxonwold, 2132, to be received before 10:00 on Monday, 23 August 2021, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the Chairperson of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.

The form may also be emailed to proxy@computershare.co.za.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.



BBBEE COMPLIANCE REPORT



Broad-Based Black Economic Empowerment Commission

Compliance Report by Sphere of Government / Public Entities / Organs of State

(in terms of Section 13G (2) of the Act)

Case Number

FORM: BBBEE 1

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation	BRIKOR LTD
Registration Number	1998/013247/06
Physical Address	1 MARIEVALE ROAD VORSTERSKROON, NIGEL
Telephone Number	011 739 9000
Email Address	TARYN@BRIKOR.NET
Indicate Type of Entity / Organisation	LTD
Industry / Sector	BRICK MANUFACTURING
Relevant Code of Good Practice	CONSTRUCTION CONTRACTOR
Name of Verification Agency	AMAX SA
Name of Technical Signatory	J STOLS

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points		13.26
Management Control	e.g. 19 points	2.00	14.25
Skills Development	e.g. 20 points	2.00	16.20
Enterprise and Supplier Development	e.g. 40 points	16.00	34.96
Socio-Economic Development	e.g. 5 points	1.00	6.00
Total Score	e.g. 109 points	21.00	84.68
Priority Elements Achieved	YES / NO and specify them	YES	
Empowering Supplier Status	YES / NO and specify them	YES	
Final B-BBEE Status Level	LEVEL 4		

*indicate how each element contributes to the outcome of the scorecard

BBBEE Compliance Report

continued

SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

a.	Accounting Officer's Name:	JOARET BOTHA		
b.	Address:	1 MARIEVALE ROAD		
		VORSTERSKROON		
		NIGEL		
c.	Accounting Policy: (<i>Your accounts are done?</i>)	Weekly	Monthly	Other (specify)
			✓	
d.	Has the attached Financial Statements and Annual Report been approved by the entity?	YES		

2. PLEASE ATTACH THE FOLLOWING:

a.	Copy of Annual Financial Statement including Balance Sheet and Income and Expenditure Report.	YES
i)	Annual Report	YES

b.	Entity Annual Turnover:	R 257.9 Million
----	-------------------------	-----------------

c. Sign-off and Date

 Signature	18 JUNE 2021 Date
---	-----------------------------------



CORPORATE INFORMATION

BRIKOR LIMITED

Incorporated in the Republic of South Africa
Registration number: 1998/013247/06
JSE code: BIK
ISIN: ZAE000101945

Registered office

1 Marievale Road
Vorsterskroon
Nigel 1490

(PO Box 884, Nigel 1490)
Telephone: 011 739 9000
Facsimile: 011 739 9021

Directors as at 18 June 2021

Mr Allan Pellow (Chairperson) *
Ms Mamsy Mokate (Lead Independent Director) *
Mr Garnett Parkin (Chief Executive Officer)
Ms Joaret Botha (Financial Director)
Ms Funeka Mtsila *
Mr Steve Naudé *

** Independent non-executive*

Company Secretary

Fusion Corporate Secretarial Services (Pty) Ltd
Registration number 2007/008376/07
Suite E014
Midlands Office Park East
Mount Quray Street
Midlands Estate
Midstream 1692

(PO Box 68528, Highveld 0169)
Tel: (012) 749 6793
Fax: 086 616 6545

Designated advisor

Exchange Sponsors (2008) (Pty) Ltd
44a Boundary Road
Inanda
Sandton 2196

(PO Box 411216, Craighall 2024)

Auditors

Nexia SAB&T
119 Witch-Hazel Ave
Highveld Techno Park
Centurion, 0157

(PO Box 10512, Centurion, 0046
Docex 15, Centurion)

Commercial banker

Nedbank Limited
Shop 17, Selcourt Towers Centre
Cnr Wit, Ramona and Hewitt Roads
Selcourt
Springs 1559

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

(Private Bag X9000, Saxonwold 2132)

Attorneys

Werksmans Attorneys
The Central
96 Rivonia Rd
Dennehof
Sandton, 2196

(Private Bag 10015, Sandton, 2146)

