The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "**UK MAR**") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

30 September 2024

Kropz Plc
("**Kropz**" or the "**Company**")

Final Audited Results for the period ended 31 March 2024
and
Notice of General Meeting

Kropz plc (AIM: KRPZ), an emerging African phosphate producer, is pleased to announce its Final Audited Results for the 15-month period ended 31 March 2024 and the publication of the Company's Annual Report and Accounts.

The full financial report will be available online immediately on the Company's website at www.kropz.com and will be posted to shareholders that have elected to receive printed copies today. Printed copies will, therefore, be available to shareholders who have elected to receive them during the course of the week.

The Company will hold a General Meeting for the purposes of approving the Annual Report which will be held at the offices of Memery Crystal at 165 Fleet Street, London EC4A 2DY on 4 November 20224 at 12:30 p.m.

Highlights

Key developments during the financial period ended 31 March 2024

Corporate

- Kropz plc ("Kropz'' or the "Company'') changed its accounting reference date from 31 December to 31 March in November 2023. Accordingly, these financial statements cover the 15 months from 1 January 2023 to 31 March 2024. Comparative amounts are for the year ended 31 December 2022.
- As announced on 16 January 2023, Kropz appointed Louis Loubser to the board of the Company as Chief Executive Officer ("CEO") and executive director.
- Michelle Lawrence resigned as Chief Operating Officer of Kropz and as an executive director of Kropz Elandsfontein with effect from 1 January 2023. Mark Maynard was appointed Chief Operating Officer with effect from 1 January 2023.
- PKF Littlejohn LLP has been appointed as the group auditors for the financial period to 31 March 2024.
- The third, fourth and final fifth drawdown on the ZAR 550 million Equity Facility with the ARC Fund occurred during the financial period.

- As announced on 14 March 2023, Kropz Elandsfontein and ARC Fund agreed to a further ZAR 285 million (approximately US$ 15.5 million) of bridge loan facility (“Loan 1”) to meet immediate cash requirements at Kropz Elandsfontein. The full loan was drawn down at 31 March 2024.
- As announced on 14 September 2023, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a further ZAR 250 million (approximately US$ 13.2 million) of bridge loan facility ("Loan 2") to meet immediate cash requirements at Kropz Elandsfontein. The full loan was drawn down at 31 March 2024.
- As announced on 15 December 2023, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 115 million (approximately US$ 6 million) of bridge loan facility ("Loan 3") to meet immediate cash requirements at Kropz Elandsfontein. The full loan was drawn down at 31 March 2024.
- As announced on 27 March 2024, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 170 million (approximately US$ 9 million) of bridge loan facility (the “Loan 4") to meet immediate cash requirements at Kropz Elandsfontein. The full loan was drawn down at 31 March 2024.

Elandsfontein

- The focus at the Elandsfontein project continued to be the production ramp-up of the mine and beneficiation plant.
- The first bulk shipments and trial sales have been recorded with a total of 343,366 tonnes of phosphate concentrate sales over the 15 months ending 31 March 2024 from Elandsfontein.
- Sales volumes are below expectations due to the lack of available stock on hand. Production has been negatively impacted by unprecedented seasonal rains during the period under review and continued ore variability. While the Company is still ramping up to steady state production a gross loss has been recognised in the period due to discounted sales prices as a new market entrant and operating below full production level resulting in a cost per tonne higher than would be expected once in full production.
- During the financial period, further delays were experienced in the commissioning ramp up of operations at Elandsfontein resulting in further funding shortfalls due to:
    - The requirement to re-engineer parts of the fine flotation circuit as proposed by the vendor;
    - The lack of operator expertise and experience;
    - Mining rates and associated delivery of ore to the plant being compromised due to the presence of competent banks of hard material within the orebody, that were previously unknown. Subsequently, the vendor has provided design changes which were implemented at the plant, additional operator training was conducted and new equipment was brought to site to facilitate mechanical breaking which has been effective to date, but alternative methods are being considered;
    - The Western Cape has experienced unprecedented rain this season which has led to severely wet mining conditions and has hindered ore delivery to the plant and concentrate production during the period. This is being addressed by increased drainage, and
    - Production throughput is also being limited by the nature of slimes material and, the Company is investing in new equipment to seek to overcome this and aims to increase production throughput.
- To quantify and assess the impact of the hard material on the future mine plan, an infill drilling programme was undertaken.
- Independent geological consultants were commissioned which provided an updated JORC (2012) compliant Mineral Resource Estimate (“MRE”):
    - The 2023 Reserve estimate was positively affected by the completed infill and exploration drilling, which significantly improved the total declared Measured and Indicated Mineral Resources. The Ore Reserves are stated at 30 September 2023, and account for the pit depletions up until the end of September 2023;
    - Total Measured and Indicated resource tonnage has increased by approximately 72%, while the total resource tonnage has reduced by 30%;
    - Decrease in total phosphate resources at Elandsfontein to 74.23 million tonnes ("Mt") from 106.58 million tonnes in 2022; and
    - Total Reserves are estimated at 26.63 Mt at a P_2O_5 grade of 9.38% of which 16.56 Mt is Proven at 10.25% P_2O_5, this compares to the previous estimate of 17.42 Mt at 9.19% P_2O_5.

Hinda

- The Company is still in the process of identifying potential funding solutions for the development of Hinda.
- Engagement is ongoing with local government regarding project development and progress.
- A reduced-sized project is being assessed to propose a fit-for-purpose low capex project to prove the concept of producing phosphate concentrate in the Congo and exporting it.

Key developments post the financial period end

Corporate

- As more fully described in Note 34 Material Subsequent Events, in September 2024, the Group announced a restructuring of its debt obligations ("Restructuring") and a fundraising that was conditional on shareholders' approval . and approval by the South African Reserve Bank ("SARB").. As a result of the Restructuring, Kropz Elandsfontein (Pty Ltd and Kropz Elandsfontein Land Holdings (Pty) Ltd (the "Elandsfontein Subsidiaries") will extinguish their debt obligations to ARC. Kropz will have convertible debt of £88.9 million (including accumulated interest) outstanding with ARC, being the aggregate of a new Convertible Loan Note ("CLN") and existing equity facilities (the "Existing Equity Facilities"). Additionally, , Kropz will complete a fundraising of £8.9 million from ARC and other shareholders before expenses through the issue of new Ordinary Shares an Issue Price of 1.387 pence per new Ordinary Share in the capital of the Company (the "Fundraising").. The Issue Price represents a discount of approximately 5 per cent. to the 30-day volume weighted average share price per existing Ordinary Share to 23 August 2024. In aggregate, 643,873,018 new Ordinary Shares will be allotted and issued pursuant to the Fundraising.
- The Company previously announced on 3 April 2024 that BNP had extended its waiver to allow compliance for the period to 30 June 2024. BNP have also extended the waiver to 30 September 2024, the latest waiver expiry date coincides with the final payment date.
- As announced on 11 July 2024, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 140 million (approximately US$ 8 million) bridge loan facility (the "Loan") to meet immediate cash requirements at Kropz Elandsfontein. The loan was fully drawn at 22 August 2024.

Elandsfontein

- Elandsfontein achieved production of 132,706 tonnes of phosphate concentrate and sales of 112,752 tonnes of phosphate concentrate from April 2024 to August 2024.
- Kropz had started building its customer base over the 15 months ending 31 March 2024. The Company's rock phosphate has been qualified at customers in South Korea, Australia, New Zealand and Brazil at both single superphosphate ('SSP") and Phosphoric acid producers.
- Since the start of the 2024 calendar year, Kropz's core customer base was narrowed down to focus on South Korea, Australia, New Zealand and Brazil, where the special properties of Kropz Rock Phosphate (Low Cadmium, - toxic metals, - moisture, - odour and - CaO levels) are complementary to country rules dictating the final product properties.
- Management expects there to be more than sufficient demand for Elandsfontein's Rock Phosphate forecast production to the end of 2025. Two shipments have been planned for qualification trials in both India and Europe to further diversify the customer base.

Hinda

- The reduced sized project continues to be assessed to propose a fit-for-purpose low capex project to prove the concept of producing phosphate concentrate in the Congo and exporting it. The update of the project feasibility is ongoing. Cominco has engaged with two engineering firms and local contractors.
- The Company continues to invest in and prioritise ongoing community projects.

For further information visit www.kropz.com or contact:

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About Kropz Plc

Kropz is an emerging African phosphate producer and developer with projects in South Africa and in the Republic of Congo. The vision of the Group is to become a leading independent phosphate rock producer and to develop into an integrated, mine-to-market plant nutrient company focusing on sub-Saharan Africa.

Chairman's Statement

Dear shareholder,

Since early 2023, the management team have achieved substantially increased production at Elandsfontein, though not yet to planned levels. We have been pleased to announce our first overseas sales of phosphate rock. But much higher production levels and an improvement in phosphate grade still are required to achieve our goals. Thanks to our major shareholder, African Rainbow Capital ("ARC"), additional funding has been provided to help to meet these challenges.

On 03 September 2024, we announced a restructuring of the Group's financing arrangements (the "Restructuring"), including a simplification of the Group's Financial structure.

The Board thanks all the members of the executive team, management, the teams on the ground, contractors, auditors and advisers for all their efforts and assistance during the period. Particular thanks also are due to our major shareholder for their further commitment and continued support.

Lord Robin William Renwick of Clifton
Non-executive Chairman
30 September 2024

Strategic Report for the period ended 31 March 2024

Market overview

Global phosphate rock demand has shown growth compared to 2022. Demand early in 2024 was particularly strong in Asia, driven by Chinese import increases Already rebounding from the 2022 drop. Global demand is expected to exceed its previous high in 2021 by 2025, as the slower recovery in Brazil and Europe is offset by large import increases for China.

Elandsfontein rock concentrate is expected to be able to enjoy a slight premium in pricing due to its low cadmium, low calcium and P_2O_5 ratio as well as advantageous freight rates to Asia, Australia, Brazil and New Zealand.

Significant changes in the state of affairs

Share issues

The issued share capital at 31 March 2024 was 923,718,223 ordinary shares (2022: 923,718,223). There were no new share issues during the period. Since the period-end, the Company will issue 643,873,018 new Ordinary Shares, to increase its issued share capital to 1,567,591,241 Ordinary Shares through a fundraising. The Company will also complete a Restructuring of the debt obligations of Kropz Elandsfontein such that the Elandsfontein Subsidiaries will no longer have any debt obligations to ARC.

Projects

Elandsfontein overview

Elandsfontein hosts the second largest phosphate deposit in South Africa, after Foskor's operation at Phalaborwa. Elandsfontein has been developed with the capacity to produce circa one million tonnes per annum ("Mtpa") of phosphate rock concentrate from a shallow mineral resource which is expected to be sold on both local and international markets. The Company owns 74% of the issued share capital of Kropz Elandsfontein, the company which owns the Elandsfontein project.

Elandsfontein's geographic location and proximity to logistics infrastructure are advantageous and allow for easy access to both local and international markets.

Prior to the current financial period, in excess of US$ 150 million was spent at Elandsfontein on project capital expenditure to construct the original and optimisation phases of the processing plant and infrastructure, initial mining and capitalised working capital. Following a suspended commissioning process in 2017, Kropz Elandsfontein conducted further geological drilling and a metallurgical test programme to define a robust process circuit, to cater for the increased variability of ore present within the Elandsfontein resource. As a result of competent banks of hard material encountered in the pit, further drilling was conducted in the current financial period and consequently a revised mineral resource estimate was produced as further discussed below.

Activity for the period ended 31 March 2024

The first trial sales revenues (US$40 million) have been recognised by Kropz Elandsfontein (Pty) Ltd during the period ended 31 March 2024.

During the financial period, the plant moved from the commissioning phase to the ongoing production ramp up phase.

As the Group is still ramping up to steady-state production, a gross loss has been recognised in the period of US$ 7.06 million. The loss was largely due to Elandsfontein having to discount its sales prices as a new market entrant and to consider lower grades being achieved as part of the ramp-up process, coupled with higher production costs per tonne. With Elandsfontein operating below planned production levels operational cost per tonne remains elevated.

The production ramp-up has been delayed due to the need to re-engineer parts of the fine flotation circuit based on actual particle size distribution (“PSD”) observed in the ore body. Mining and processing have also been affected by early, unpredicted ore variability which led to implementation of more complex mining processes and challenged limited operator experience in these changing conditions. Kropz Elandsfontein is in the process of analysing the hard bank and other challenging ore variants identified with high phosphate content, within the ore body to select the appropriate method of mining and processing to extract phosphate. The mine is in the process of deploying pilot scale milling and flotation equipment as part of the plan to address the ore variability and to assist with the redesign of internal plant components.

During June to August 2023, the Western Cape experienced unprecedented rain which resulted in severely wet mining conditions during the period under review; this additionally hindered ore delivery to the plant and concentrate production. This is being addressed by increased in-pit drainage, intermediate ore stockpiling and has yielded good results.

Production throughput is also being limited by the nature and excessive amount of slimes material encountered in the ore deposit. Management believes that most of the issues related to the high slimes content ore will be addressed through the recently installed centrifuge unit.

Management is intently focused on addressing the various challenges.

Mining and geology

The significant write-down in declared Ore Reserves from 2018 to 2022 has been partially reversed in the 2023 Ore Reserve estimate, largely due to the additional infill drilling which was completed in 2023.

It is expected that the future drilling campaigns will continue to improve the Mineral Resource estimates from Inferred to Measured or Indicated categories and will enable improved conversion of the Mineral Resources to Reserves.

While both the declared Reserve tonnes and grade have increased, the grade and tonnage estimate of the Resource has decreased. This aligns to the improved confidence in the grade estimation of the deposit and reflects the declining grade of the deposit over its life.

Based on the current mining conditions, on-site learnings and revised geological interpretations, it was considered prudent that the mineral resource be reclassified.

The updated Elandsfontein resource is defined below, on a total (gross) and net attributable basis.

ELANDSFONTEIN RESOURCE STATEMENT AS OF 30 SEPTEMBER 2023								
CLASS	**TONNES (Mt)**	**P2O5 (%)**	**SiO2 (%)**	**Al2O3 (%)**	**MgO (%)**	**Fe2O3 (%)**	**CaO (%)**	**CON-TAINED P2O5 (Mt)**
Measured	19.96	10.25	63.86	1.22	0.15	0.79	14.68	2.05
Indicated	12.78	7.68	64.30	1.30	0.15	0.88	11.30	0.98
Total Measured & Indicated	**32.74**	**9.24**	**64.03**	**1.25**	**0.15**	**0.83**	**13.36**	**3.03**
Inferred	41.49	6.30	66.26	1.39	0.15	0.86	9.52	2.61
Total Resources	**74.23**	**7.60**	**65.28**	**1.33**	**0.15**	**0.85**	**11.21**	**5.64**
NETT ATTRIBUTABLE (74% TO THE COMPANY)								
Measured	14.77	10.25	63.86	1.22	0.15	0.79	14.68	1.51
Indicated	9.45	7.68	64.30	1.30	0.15	0.88	11.30	0.73
Total Measured & Indicated	**24.23**	**9.24**	**64.03**	**1.25**	**0.15**	**0.83**	**13.36**	**2.24**
Inferred	30.70	6.30	66.26	1.39	0.15	0.86	9.52	1.93
Total Resources	**54.93**	**7.60**	**65.28**	**1.33**	**0.15**	**0.85**	**11.21**	**4.17**
Note: All numbers are reported to two decimals places. Rounding may cause minor discrepancies to the numbers reported in this table.								

The 2023 Mineral Resource Estimate (MRE) for Elandsfontein reflects significant changes compared to 2022 and was notably affected by the completed infill and exploration drilling. The total Measured and Indicated resources have increased by approximately 72%, rising from 19.02 Mt in 2022 to 32.74 Mt in 2023, despite a slight decrease in the P_2O_5 grade from 9.54% to 9.24%. Conversely, the total Inferred resources have decreased substantially from 87.56 Mt in 2022 to 41.49 Mt in 2023, accompanied by a decline in the P_2O_5 grade from 7.68% to 6.30%. This reduction in Inferred resources and the simultaneous increase in Measured and Indicated resources indicate improved confidence in the resource estimates due to the successful infill drilling program. These changes highlight the enhanced accuracy in predicting the spatial distribution and grade of the ore body, leading to a more reliable reserve estimate and better strategic planning for future mining operations.

DIFFERENCE 2023 VS 2022 RESOURCE DECLARATION								
CLASS	**TONNES (Mt)**	**P_2O_5 (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**MgO (%)**	**Fe_2O_3 (%)**	**CaO (%)**	**CON-TAINED P_2O_5 (Mt)**
Total Measured and Indicated 2023	32.74	9.24	64.03	1.25	0.15	0.83	13.36	3.03
Total Measured and Indicated 2022	19.02	9.54	70.45	1.15	0.14	0.88	13.64	1.81
Difference Measured and Indicated	**13.72**	**-0.30**	**-6.42**	**0.10**	**0.01**	**-0.05**	**-0.28**	**1.22**
Inferred 2023	41.49	6.30	66.26	1.39	0.15	0.86	9.52	2.61
Inferred 2022	87.56	7.68	73.92	1.20	0.16	1.03	11.15	6.72
Difference Inferred	**-46.07**	**-1.38**	**-7.66**	**0.19**	**-0.01**	**-0.17**	**-1.63**	**-4.11**
Note: All numbers are reported to two decimal places. Rounding may cause minor discrepancies to the numbers reported in this table.								

The 2023 reserve statement for Elandsfontein reflects significant improvements compared to the 2022 estimates, driven by changes in the resource base and a better understanding of the modifying factors to be applied.

The combined total of proven and probable reserves has risen from 17.42 Mt at a P_2O_5 grade of 9.19% in 2022 to 26.63 Mt at a grade of 9.38% in 2023.

ELANDSFONTEIN RESERVE STATEMENT AS AT 30 SEPTEMBER 2023			
CLASSIFICATION	**TONNES (Mt)**	**P_2O_5 (%)**	**CONTAINED P_2O_5 (Mt)**
Proven	16.56	10.25	1.70
Probable	10.07	8.01	0.81
Total Reserve	**26.63**	**9.38**	**2.50**
NETT ATTRIBUTABLE (74% TO THE COMPANY)			
Proven	12.26	10.25	1.26
Probable	7.45	8.01	0.60
Total Reserve	**19.70**	**9.38**	**1.85**

There is a 9 Mt difference between the 2022 and 2023 estimates, as shown in the table below. These changes are largely attributable to the successful completion of infill and exploration drilling, which significantly improved the total declared Measured and Indicated Mineral Resources.

DIFFERENCE 2023 VS 2022 RESERVE DECLARATION			
RESOURCE CLASSIFICATION	**TONNES (Mt)**	**P_2O_5 (%)**	**CONTAINED P_2O_5 (Mt)**
Total Proven 2023	16.56	10.25	1.70
Total Proven 2022	7.31	10.71	0.78
Total Probable 2023	10.07	8.01	0.81
Total Probable 2022	10.11	8.09	0.82
Total Proven and Probable 2023	26.63	9.38	2.50
Total Proven and Probable 2022	17.42	9.19	1.60
Difference Proven and Probable	**9.21**	**0.19**	**0.9**
Note: All numbers are reported to two decimal places. Rounding may cause minor discrepancies to the numbers reported in this table			

Plant and processing

Plant stability was difficult to achieve due to the influence of varying quantities of ultra fine material contained in the ore and poor flotation conditioning.

Despite power generation issues in South Africa causing intermittent load shedding, we were able to mitigate the adverse effects on our production by utilizing emergency backup generators on several occasions. However, it is important to note that this has led to increased operating costs. Following May 2024 load shedding has stopped and resulted in increased stability in power supply. The current outlook is positive and in the near future could possibly be the end of load shedding.

Safety, health, environment and community

As at 31 March 2024, the Lost Time Injury Frequency Rate (“LTIFR”), per 200,000 man hours, was nil (compared to 0.87 in March 2023), with zero LTIs incurred for the reporting period. Commitment and focus on the forward energy model contributed mostly to the achievement of this significant milestone.

No major environmental incidents were reported during the period and the external biennial Environmental Management Programme (“EMPr”) performance assessment and Water Use License (“WUL”) audits were conducted with no major non-conformances. The Department of Forestry, Fisheries and the Environment, issued the permanent Atmospheric Emissions License (“AEL”).

The annual closure costing was updated, and financial provision submitted and accepted by the Department of Mineral Resource and Energy (“DMRW).

Social and Labour plan (“SLP”) and Corporate social responsibility (“CSR”)

The second generation (2022-2026) Social and Labour Plan (“SLP”) was approved by the DMRE, and Kropz commenced with the execution, aligned with the 2018 South African Mining Charter.

The following strategic focus areas have been identified:

- Education and skills development;
- Social wellbeing;
- Local economic development (“LED”); and
- Urban reconstruction and infrastructure upgrades.

Through collaboration, and inputs from various stakeholders, the execution of community development projects continued during the period. The Saldanha Bay Municipality (“SBM”) confirmed alignment with their Infrastructure Development Plan (“IDP”) and has endorsement of the various SLP projects.

SLP and LED Projects

Educational support (Education and skills development)

During the period Kropz Elandsfontein continued to support the Hopefield Primary School teacher’s programme. For the 2022-2026 SLP, education will remain a key focus area.

Hopefield Thusong community centre upgrade (Skills development and infrastructure upgrades)

The infrastructure upgrade of the community centre included the addition of two new rooms, a kitchen and bathroom facilities. An E-learning centre has been established in one of the new rooms. It has been equipped with 12 computer cubicles and laptops have been acquired. The launch of the E-learning centre took place in July 2024, providing a much-needed facility to the community of Hopefield.

Human resource development

As per our commitment in the SLP, Kropz awarded two undergraduate and one postgraduate bursaries.

Ad-Hoc CSR Projects

Through engagements with various stakeholders, Kropz Elandsfontein supported the following initiatives and organizations:

1) Youth Connect (Skills development program for youths 16-27 years old)
2) Kids in Park and initiative from San Parks
3) Mandela day celebration
4) Eskom Expo for Young Scientists

Stakeholder Engagement

Kropz Elandsfontein continues to engage with the relevant stakeholders on a regular basis and hosted its first annual open day during April 2024. A newsletter was also issued to the community and other stakeholders to keep them updated on the business as well as various initiatives and projects.

Post reporting period events

Transport and logistics

As announced on 23 November 2021, Transnet provided Kropz Elandsfontein with a draft port access agreement to support the long-term export of Elandsfontein's phosphate rock through the port of Saldanha. Final contract negotiations are still underway and the agreement has not yet been signed. An interim agreement, with tariffs and a forecast of export quantities, is in place while the agreement is being finalised.

Sales

Elandsfontein achieved production of 132,706 tonnes of phosphate concentrate and sales of 112,752 tonnes of phosphate concentrate from April 2024 to August 2024. These exports occurred through the port of Saldanha.

Hinda

The Hinda project, currently 100% owned by Cominco S.A., is believed to be one of the world’s largest undeveloped phosphate reserves. Ownership is expected to be diluted to 90% through the participation of the Republic of Congo (“RoC”) government. Hinda consists of a sedimentary hosted phosphate deposit located approximately 40 km northeast of the city of Pointe-Noire. The project is fully permitted.

Prior to acquisition by Kropz, more than US$ 40 million was spent on project development, including drilling, metallurgical test work and feasibility studies. Since its acquisition by Kropz, a further US$ 10 million has been spent.

Activity for the period ended 31 March 2024

Kropz has been reviewing the Hinda Updated Feasibility Study (“Updated FS”) and the financial model as prepared by Hatch.

Highlights of the Updated FS

- The phased approach studied will initially deliver 1 Mtpa phosphate rock concentrate through the existing Port of Pointe-Noire (“Phase 1”), expanding to 2 Mtpa phosphate rock concentrate through a new port facility at Pointe Indienne (“Phase 2”);
- The phased approach is intended to reduce up-front execution capital requirements by making use of existing port facilities, thus limiting the first phase to 1 Mtpa phosphate rock concentrate;

- The Hinda Updated FS demonstrates low technical and mining risk and attractive project economics;
- The mineral resource is unchanged from the 2018 Competent Persons Report, with 201 million tonnes of measured mineral resource at 11.6% P_2O_5 and 381 million tonnes of indicated mineral resource at 9.8% P_2O_5;
- The Hinda Updated FS delivers a minimum 28-year life of mine ("LOM"), extracting 31 million tonnes of ore in Phase 1 and 214 million tonnes of ore in Phase 2;
- Estimated Phase 1 capital cost is US$ 355 million, Phase 2 capital cost is US$ 310 million (in real 2021 terms), with a nominal, peak funding requirement of US$ 392 million, as the first phase cash flows supports the subsequent Phase 2 expansion capital expenditure;
- Phase 1 operating cost on a free-on-board ("FOB") basis is US$ 63 per tonne phosphate rock concentrate, and Phase 2 operating cost is US$ 70 per tonne phosphate rock concentrate, inclusive of mining royalties;
- Using a December 2021 price forecast received from CRU on a FOB Pointe-Noire basis, the real LOM earnings before interest and taxation margin is US$ 65 per tonne of phosphate rock concentrate;
- There is an estimated three-year execution schedule; and
- Base case, nominal internal rate of return ("IRR") of 19.2% and base case, ungeared, nominal net present value ("NPV") (at 11.1% discount rate) of US$ 397 million.

The Hinda Updated FS included detailed engineering of the open pit mine, associated mine dewatering and surface water management, the beneficiation plant and all associated infrastructure, tailings storage facilities and water storage dam, a gas fired power plant and gas supply pipeline, a 30 kV overhead line ("OHL") to support construction and early works, mine access roads, an accommodation camp and port infrastructure. Costs and schedules associated with procurement, construction management and commissioning are also included.

Hatch delivered a robust execution strategy, which provides high confidence in achieving execution success. The beneficiation plant employs standard and proven technologies, and the design is based on extensive laboratory and pilot-scale test work completed between 2013 and 2016.

Further Opportunities

A mine plan was run scheduling the immediate commencement of Phase 2 production, i.e. 2 Mtpa of phosphate rock concentrate to be exported through a new port facility. This opportunity led to a conservative increase in ungeared NPV (at 11.1% discount rate) to US$ 543 million with an IRR of 21%. The estimated capital cost for the immediate commencement of Phase 2 is US$ 618 million, based on the study work completed. If this option is studied further, it will be possible to further optimise both capital and operating costs. Collaboration with other market players to share in costs of infrastructure such as port, power and roads are also an opportunity to consider.

Further opportunities also exist to enter into a long-term power purchase agreement with one of several companies already established in-country. The capital cost of the gas fired power plant would therefore be removed from the estimate, although this would be offset by an increase in power costs.

A number of other capital cost optimisation initiatives have been identified for investigation ahead of detailed design which should further improve project economics.

Environmental Social Impact Assessment ("ESIA")

The project has an approved environmental compliance certificate issued in April 2020, valid for 25 years. As a result of the modifications to the project in the Hinda Updated FS, the ESIA has been updated to comply with local regulations. The RoC Ministry of Environment has approved the updated ESIA and the project has a valid environmental compliance certificate.

Mining Investment Agreement ("MIA")

The MIA, which sets out the legal and fiscal framework under which Cominco S.A. would invest and operate within the RoC was signed by all parties on 10 July 2018 and ratified by the RoC Government on 27 December 2021.

Déclaration d'Utilité Publique ("DUP")

The Ministry of Land Affairs and Public Domain is responsible for managing land tenure and legal land rights in RoC. The main declaration of public utility (DUP) process for the Hinda Project has covered an area of 30 km^2. Public consultations were organized by Cominco and Cabinet Management et Etudes Environnementales SARL("CM2E"). A land commission has evaluated the land usage requirements of the Hinda Project and liaises with legal property owners and traditional land users to determine, based on the legislation, a baseline for land use to be used for compensation and relocation. Land surveys were carried out from end of November 2020 until mid-January 2021, followed by an optimisation session in line with the Updated FS. Cominco has not received the final reportThe MIA states that expropriation costs and compensations are to be borne by the government of the RoC and that Cominco can prefinance some or all the costs.

A letter has been sent in October 2023 to the Minister of Land Affairs and Public Domain to request the extension of the validity period, followed by a letter dated 21 August 2024 to the State Minister of mining industries and geology reminding of this (as requested).

A letter dated 30 August 2024 has been sent to the State Minister of mining industries and geology to request that the State starts the compensation on an initial footprint of 123 ha covering the plant site, the base camp, the construction laydown area and the village of PK Mbili that will be relocated.

Mineral resources

The Hinda resource is defined below, on a total (gross) and net attributable basis. No additional drilling was conducted in the period to 31 March 2024.

Mineral Resource Statement, as declared by SRK on 31 August 2018

Class	Quantity (Mt)	Grade (%P_2O_5)	Grade (%Al_2O_3)	Grade (%MgO)	Grade (%Fe_2O_3)	Grade (%CaO)	Grade (%SiO_2)	Contained P_2O_5 (Mt)
Gross								
Measured	200.5	11.6	3.7	3.8	1.4	21.8	42.7	23.3
Indicated	380.9	9.8	5.0	3.3	1.8	17.6	48.5	37.3
Inferred	94.4	7.5	4.8	3.6	1.7	15.8	52.2	7.1
Total	**675.8**	**10.0**	**4.6**	**3.5**	**1.7**	**18.6**	**47.3**	**67.7**
Net Attributable (90% attributable to the Company)								
Measured	180.5	11.6	3.7	3.8	1.4	21.8	42.7	20.9
Indicated	342.8	9.8	5.0	3.3	1.8	17.6	48.5	33.6
Inferred	85.0	7.5	4.8	3.6	1.7	15.8	52.2	6.4
Total	**608.3**	**10.0**	**4.6**	**3.5**	**1.7**	**18.6**	**47.3**	**60.9**

Safety, health and environment

No environmental or safety incidents were reported during the period.

Sustainability

In line with the MIA and its commitments, Cominco S.A. continued its interactions with the local communities associated with the Hinda project. On-going projects include the usage of project site manpower, the funding of teachers at local schools, educational support for vulnerable children, specific projects for woman, water boreholes and food security projects through the establishment of orchards, vegetable gardens and small-scale agriculture projects.

Post reporting period events

Prior to commencing Phase 1, a reduced sized test project is currently being assessed to propose a fit-for-purpose low capex project to prove the concept of producing phosphate concentrate in the Congo and exporting it. The project will focus on the mining and processing the section of the resource which does not require flotation.

Strategy

The Company's long-term strategy is to build a portfolio of high-quality phosphate mines and to be a major player within the sub-Saharan African plant nutrient sector. Its priority is to bring Elandsfontein to steady-state production and profitability whereafter the development of Hinda will be prioritised.

Business model

The Company's business model is to source high-quality resources and to bring them into production to contribute to the Company's strategic competitiveness and profitability.

Once production has commenced at Elandsfontein and Hinda, the Company may consider acquiring additional assets and/or adding downstream beneficiation opportunities, where the Board believes shareholder value could be increased.

Objectives and outlook for the year ahead

Objectives

Kropz

Kropz's overriding objective is to deliver strong shareholder and stakeholder returns over the long term.

Elandsfontein

The primary focus of the year ahead will be to further increase the ramp-up of operations to achieve steady state while optimising process recoveries and mining costs.

Hinda

Further to the completion of the Hinda Updated FS in December 2021, management is working to secure funding to commence with project development in accordance with the MIA.

Outlook

Kropz's Elandsfontein project delivered first production in early 2022 and the first trial sales in January 2023. The Company is confident in the inherent value contained within each of its core assets. Global phosphate rock demand and pricing is robust, and the work being carried out will provide Kropz with direction for the next phase of its development, subject to short-term challenges being managed. The year ahead should provide the Company with a solid foundation for its future development and moving towards steady state operations.

Financial review for the period ended 31 March 2024

Summary of key financial indicators for the period:

- Impairment reversal in the value of mine property, plant and equipment and inventory at Kropz Elandsfontein of US$ 19 million;
- Cash and cash equivalents of US$ 1 million (2022: US$ 2 million);
- Various debt raises as set out in "Highlights" on page 1;
- Trade and other payables of US$ 10 million (2022: US$ 7 million); and
- Property, plant, equipment and development and exploration assets, after the impairment reversal above, of US$ 129 million (2022: US$ 111 million).

Key performance indicators

The Company is a mining and development entity whose assets comprise a mine and plant in the ramp-up phase in South Africa and an exploration asset in the RoC. As the Company entered the new financial period it started with the first trial sales being recorded from the trial production phase. The key performance indicators for the Company will be achieving steady state production and the advancement of the Hinda project.

Principal risks and uncertainties

The Company and its subsidiaries ("the Group") are subject to various risks relating to political, economic, legal, social, industry, business and financial conditions. The following risk factors, which are not presented in any order of priority, do not purport to be a complete list or explanation of all the risks involved in the Company or the Group's activities.

Access to financing

The ramp up at Elandsfontein, the capital expenditure plans of the Group and the further development and exploration of mineral properties in which the Group holds interests or which the Group may acquire, may depend upon the Group's ability to obtain additional financing through joint ventures, debt financing, equity financing or other means. The Group is in process of Restructuring and Fundraising in September 2024, as described in Note 34. However, no assurance can be given that the Group will be successful in obtaining any additional financing that may be required as and when needed on acceptable terms or at all, which could prevent the Group from further development and exploration or additional acquisitions.

Failure to obtain additional financing on a commercial and timely basis may cause the Group to postpone its capital expenditure plans, forfeit its rights in properties or reduce or terminate operations. Reduced liquidity or difficulty in obtaining future financing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's Projects may require greater investment than currently expected or suffer delays or interruptions, which could cause cost overruns. Any such delay, interruption or cost overruns in implementing the Group's planned capital investments could result in the Group failing to complete the Projects and a reduction in future production volumes, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, the Projects may not prove to be commercially viable upon completion.

The Group's ability to obtain future financing will depend in part on its ability to achieve positive cash flows from its current operations within time and budget, an extended commissioning ramp-up period will have an adverse impact on the business and financial performance of the Group. Refer to note 2a to the Group financial statements which explains that the Group is reliant on revenue from production ramp up and whilst have almost successfully completed a Restructuring and Fundraising it may still require additional financing, and a material uncertainty exists may that cast significant doubt on the Group's ability as a going concern.

Dependence on maintenance of good relationship with regulatory and governmental departments

The Group relies on the maintenance of good relationships with regulatory and governmental departments in South Africa and the RoC. Failure to maintain these relationships may adversely impact the Group's performance. Continual engagements with regulatory and governmental departments are maintained and compliancy is upheld and monitored by the group.

Ramp-up of Elandsfontein

The Elandsfontein project may require further funding to achieve steady state operations. Any delays in securing of additional funding will have an adverse impact on the business and financial performance of the operation. There can be no guarantee that implementation of the recently completed modifications identified by the Company and its technical consultants will result in a successful long-term operation of the mine. Failure to achieve ramp-up of the Elandsfontein project, or a significant delay in the completion of ramp-up, could result in a material adverse impact on the business, and the financial performance and position of the Group. Management is intently focused on addressing any challenges and adjustments that might be required.

Access to infrastructure

Mining, processing, development and exploration activities depend, to a significant degree, on adequate infrastructure. In the course of developing Hinda, the Group may need to construct and support the construction of infrastructure, which includes permanent water supplies, tailings storage facilities, power, logistics services and access roads.

Reliable roads, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could materially adversely affect the Group's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Group's sites could materially adversely affect the Group's results of operations or financial condition.

Furthermore, any failure or unavailability of the Group's operational infrastructure (for example, through equipment failure, disruption to its transportation arrangements or reduced port capacity) could materially adversely affect the production output from its mines or development of a mine or project.

Limited or reduced port capacity at the Port of Saldanha, as well as the associated cost increase for procuring alternative logistics could have an adverse impact on the business and financial performance of the Group. There are alternatives to the Port of Saldanha that have been identified, however at increased operating cost.

Operational targets

The financial performance of the Group is subject to its ability to achieve a target concentrate specification and production efficiency at its Elandsfontein project, according to its pre-determined budget. Failure to do this may result in failure to achieve operational targets with a consequent material adverse impact on the business, operations and financial performance of the Group.

Excessive overburden stripping, non-economical mining of ore, ore losses and the dilution of feed grade to the processing facility could all have an adverse impact on the processing operations. Furthermore, high variability in the daily feed grades could also have an adverse impact on operations and financial performance of the Group.

Any further unscheduled interruptions in the Group's operations due to mechanical, electrical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the financial performance of those operations. Furthermore, any interruption or disruption in the supply chain of key production chemicals sourced from international suppliers could materially adversely affect the production output from the mine.

New entrant risk

Kropz Elandsfontein is a new entrant in the global phosphate rock market, selling its products into a globally competitive and established market.

There can be no guarantee that the sales estimates set by Kropz Elandsfontein will be achieved until a successful track record has been achieved. Not achieving appropriate selling prices for its commercial grade products, would have a material adverse effect on the business, operations and financial performance of the Group.

Mining and mineral processing risks

The business of mining and mineral processing involves a number of risks and hazards, including industrial accidents, labour disputes, community conflicts, activist campaigns, unusual or unexpected geological conditions, geotechnical risks, ore variability, equipment failure, changes in the regulatory environment, environmental hazards, ground water and weather and other natural phenomena such as earthquakes and floods. The Group may experience material mine or plant shutdowns or periods of reduced production as a result of any of the above factors. Such occurrences could result in material damage to, or the destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, delays in mining, monetary losses and possible legal liability, and may result in actual production differing, potentially materially, from estimates of production, whether expressly or by implication. There can be no assurance that the realisation of operating risks and the costs associated with them will not materially adversely affect the results of operations or financial conditions of the Group.

Geotechnical, ore variability, geological and hydrogeological risks could have a material adverse impact on the safety, business and financial performance of the Group's operation.

Failure to successfully dewater the mining area and maintain water levels in the mining area at the Elandsfontein project could have a material adverse impact on the operational performance, financial performance and financial condition of the Group. This is being addressed by increased drainage and has yielded good results.

Enforcement of contractual rights in the RoC

The legal system in the RoC is based on the French civil law system (the Civil Code of the former French Equatorial Africa), which has enacted the Uniform Act to harmonise business law in Africa in order to guarantee legal and judicial security for investors and companies in its member states, as well as a Uniform Act on Arbitration Law, allowing recourse to a standard arbitration mechanism for the settlement of contractual disputes arising from civil or commercial contracts concluded in the RoC as an alternative to RoC courts for legal proceedings relating to contracts.

Under Congolese law, parties may enter into private contracts in the language of their choice, however, a French translation is always required for them to be used before any constituted authority in the RoC. In addition, enforcement of contracts concluded outside of Congo before an RoC court, administrations and other constituted authorities, requires their prior registration with the Office for Registration and Stamp Duties and, in the absence of a specific exemption, payment of the applicable registration fees and stamp duties.

Certain contracts concluded in the RoC (such as leases) must also be presented for registration with the Office for Registration and Stamp Duties, due to their nature and listing in the General Tax Code, Volume

2. Moreover, certain contracts (such as commercial leases) must also be notarised or authenticated by a notary if concluded as private deeds, prior being registered as described above.

If any of these processes are not strictly followed, the RoC courts and administrations may disregard the concerned contract and, as regards the requirement to register certain contracts with the Office for Registration and Stamp Duties, the tax administration may apply fines of 100% of the amount of registration fees due. Further, the tax administration tends to disregard any payment convention exemption for the purpose of applying these fines.

If any of the Group's contracts are deemed unenforceable, this could have a material adverse effect on the operations and financial results of the Group.

Commodity pricing

The future profitability and viability of the Group's operations will be dependent upon the market price of phosphate rock to be sold by the Group. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities, the global level of demand from consumers and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. Commodity prices have fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations. A significant or sustained downturn in commodity prices would adversely affect the Group's available cash and liquidity and could have a material adverse effect on the business, results of operations and financial condition of the Group in the longer term.

In addition to adversely affecting the Group's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the Elandsfontein project and the Hinda project are ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Environmental regulation and environmental compliance

Mining operations have inherent risks and liabilities associated with damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental and safety legislation and regulation (e.g. in relation to reclamation, disposal of waste products, pollution and protection of the environment, protection of wildlife and otherwise relating to environmental protection) is frequently changing and is generally becoming more restrictive with a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. Future changes could impose significant costs and burdens on the Group (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation.

Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Group. Further, approval may be required for any material plant modifications or additional land clearing and for ground disturbing activities. Delays in obtaining such approvals could result in the delay to anticipated exploration programmes or mining activities.

There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. If the Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Group. The Group has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a price which the Group regards as reasonable.

In South Africa, the Regulations Pertaining to the Financial Provision for Prospecting, Exploration, Mining or Production Operations 2015 (R1147 of 20 Nov 2015) provides that the holder of a mining right must provide for rehabilitation and remediation costs, with particular reference to when the mine is decommissioned at the end of mining, or production operations. It is expected that mining operations at Elandsfontein will cease in year 2032. The under-provision of such a rehabilitation liability could result in future liabilities being payable, which could have a material adverse impact on the financial condition of the Group.

Government regulation and political risk

The Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Directors believe that the Group is in compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties, which could have a material adverse impact on the Group's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time-consuming process and the Group cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Group from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

The Group has operations located in South Africa and the RoC and the Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in South Africa and the RoC are beyond the control of the Group and may adversely affect its operations.

Adverse sovereign action

The Group is exposed to the risk of adverse sovereign action by the governments of South Africa and RoC. The mining industry is important to the economies of these countries and thus can be expected to be the focus of continuing attention and debate. In similar circumstances in other developing countries, mining companies have faced the risks of expropriation and/or renationalisation, breach or abrogation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks.

Environmental, social and governance ("ESG") and climate change

As the focus on ESG increases, there are increasing environmental, social and governance risks that may affect the Group's ability to raise capital; obtain permits; work with communities, regulators and Non-Governmental Organisations ("NGOs") and/or protect its assets from impairments.

At Kropz, we acknowledge that our business activities affect the society and environment around us, and that we have an opportunity and an implicit duty to ensure this impact is positive. We also believe that efficient and sustainable operations are a necessity for long-term value creation.

We are committed to taking responsibility when conducting our business by integrating ESG factors into our investment decisions and operational processes. Given the stage of development of Kropz, social initiatives have been limited to those outlined above at Elandsfontein.

Climate change could potentially affect the demand for fertilisers by impacting global agricultural activity. This in turn could affect the demand for fertiliser feed materials and could cause events such as prolonged droughts that could reduce the availability of water at the different project sites.

As the Kropz operations develop, more initiatives will be undertaken on the ESG front and progress on these will be reported on in the next annual report.

Governance

The Board considers sound governance as a critical component of the Group's success and the highest priority. The Company has an effective and engaged Board, with a strong non-executive presence from diverse backgrounds, and well-functioning governance committees. Through the Group's compensation policies and variable components of employee remuneration, the Remuneration and Nomination Committee ("Remuneration Committee") of the Board seeks to ensure that the Company's values are reinforced in employee behaviour and that effective risk management is promoted.

More information on our corporate governance can be found in the Corporate Governance Report on pages 43 to 55.

Directors' section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172 and forms the Directors' statement required under section 414CZA of The Companies Act 2006. This reporting requirement is made in accordance with the corporate governance requirements identified in The Companies (Miscellaneous Reporting) Regulations 2018, which apply to company reporting on financial years starting on or after 1 January 2019.

The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

The analysis is divided into two sections, the first to address stakeholder engagement, which provides information on stakeholders, issues and methods of engagement. The second section addresses principal decisions made by the Board and focuses on how the regard for stakeholders influenced decision-making.

Section 1: Stakeholder mapping and engagement activities within the reporting period

The Company continuously interacts with a variety of stakeholders important to its success, such as equity investors, joint venture partners, debt providers, employees, government bodies, local community and vendor partners. The Company works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

<table>
<tr><th>Who are the key stakeholder groups</th><th>Why is it important to engage this group of stakeholders</th><th>How did Kropz engage with the stakeholder group</th><th>What resulted from the engagement</th></tr>
<tr><td>Equity investors and equity partners

All substantial shareholders that own more than 3% of the Company's shares are listed on page 37 of the Directors' Report.

The Company owns 74% of Kropz Elandsfontein, the owner of the Elandsfontein project in South Africa. 26% is owned by ARC.

The Company owns 70% of Elandsfontein Land Holdings (Pty) Ltd ("ELH"), the owner of the Elandsfontein mining property in South Africa. 30% is owned by ARC.

Kropz Elandsfontein may require further funding to complete the ramp up at Elandsfontein. Cominco Resources requires further funding to develop Hinda.

As such, existing equity investors and potential investment partners are important stakeholders.</td><td>Access to capital is of vital importance to the long-term success of the business to enable the development of Hinda. Equity partner involvement is vital to the success of the development of these projects, without which the Company cannot create value for its shareholders by producing phosphate rock concentrate and therefore a return on the investment.

Through selected engagement activities, the Company strives to obtain investor buy-in into its strategic objectives detailed on page 13 and the execution thereof.

The Company seeks to promote an investor base that is interested in a long-term holding in the Company and will support the Company in achieving its strategic objectives.

During the course of the period ended 31 March 2024, the percentage of shares held in public hands remained the same and the overall daily volume of shares traded decreased.</td><td>The key mechanisms of engagement included:

Substantial shareholders
• Both ARC and Kropz International have appointed Directors to the Board of Kropz; and
• The other existing substantial shareholders have regular meetings and interactions with the Chairman and/or CEO.

Investment and equity partners
• ARC have representatives on the Kropz Elandsfontein and ELH Boards of Directors in terms of the respective shareholder's agreements; and
• Regular Board meetings are held.

Prospective and existing investors
• The AGM and Annual and Interim Reports;
• Investor roadshows and presentations;
• One on one investor meetings with the Chairman and/or CEO;
• Access to the Company's broker and advisers;
• Regular news and project updates; and
• Social media accounts e.g. X @Kropzplc;
• Site visits for potential cornerstone investors.</td><td>The Company engaged with investors on topics of strategy, governance, project updates and performance.

Please see "Dialogue with shareholders" section of the Directors' report on page 37.

The CEO presented at a number of investor roadshows, conferences and one on one meetings.

In terms of the ZAR 927 Million Equity Facilities, ARC will potentially be able to acquire a total further 8.3% interest in the Company, eventually taking its 83.2% interest at March 2024, to 91.5%.

At the Company's AGM held on 30 June 2023 all resolutions were duly passed.

At the Company's general meeting held on 1 September 2023 all resolutions were duly passed with 100% of the votes cast in favour of resolutions proposed.</td></tr>
<tr><td>Funding providers
Kropz Elandsfontein has a US$30 million, fully utilised, debt facility with BNP that commenced in September 2016.</td><td>Access to funding is of vital importance to the long-term success of the business to be able to complete the Elandsfontein project. The debt facility was utilised in the construction of Elandsfontein.

Various contractual conditions of the debt finance require regular updates on ongoing progress.

Ongoing support from potential new debt providers is required to achieve the construction of Hinda.</td><td>• One on one meetings with the CEO and/or COO;
• Regular reporting on project progress;
• Ad hoc discussions with management, as required; and
• Tripartite discussions between Kropz Elandsfontein, ARC and management to ensure there are no compliance matters outstanding in relation to the facility.</td><td>In May 2020, the amended facility agreement was signed between Kropz Elandsfontein and BNP, thereby moving the first principal debt repayment to 31 December 2022. All payments have been made with the last repayment of $3,750,000 due on 30 September 2024</td></tr>
</table>

Employees The Company has 15 South African, 2 UK and 5 RoC employees, including its Directors. Two of the Directors are UK residents, 1 Monegasque, 1 American and 2 are South African resident Directors. The CEO during the period under review was South Africa-based.	The majority of its employees going forward will be based in South Africa and the Directors consider workforce issues holistically for the Group as a whole. The Company's long-term success is predicated on the commitment of its workforce to its vision and the demonstration of its values on a daily basis. The Board have identified that reliance on key personnel is a known risk.	**General employees** • The Company maintains an open line of communication between its employees, senior management and the Board. • The CEO reports regularly to the Board; • Key members of the executive team are invited to some of the audit and risk committee meetings; • There is a formalised employee induction into the Company's corporate governance policies and procedures; and • There is an HR function in the UK. **South African employees** • There is an HR function in South Africa; • Senior management regularly visit the operations in South Africa and engage with its employees through one on one and staff meetings, employee events, project updates, etc; and • Staff safety committees continue to operate. **Congo employees** • Senior management regularly visit the operations in RoC and engage with its employees through one on one and staff meetings, employee events, project updates, etc.	**Employees** The Board met with management to discuss the long-term remuneration strategy. Advisors were appointed to do the independent party review to examine non-executive Director and executive team remuneration in 2018 at the time of the AIM IPO. Board reporting has been optimised to include sections on engagement with employees. **South African and Congo employees** The team were trained in aspects of corporate policies and procedures to engender positive corporate culture aligned with the Company code of conduct. Meetings were held with staff to provide project updates and ongoing business objectives.
Governmental bodies The Company is impacted by national, regional and local governmental organisations in South Africa and the RoC.	Regular engagement with organs of state at national, regional and local levels is required to keep stakeholders informed and supportive of project developments.	The Company provides general corporate presentations regarding the Elandsfontein project development as part of ongoing stakeholder engagement with the South African government, Western Cape provincial government and local municipal government. The Company maintained its good relations with the respective government bodies and frequently communicated progress. The Company engages with the relevant departments of	Meetings have been held with various representatives of the national, regional and local government bodies, to discuss ongoing compliance and other regulatory matters relating to mining. The Company has received its South African requisite environmental and land use permits. In addition, the Company has received the required permits to develop Hinda, subject to securing funding for these activities.

		the RoC government in order to progress the development of Hinda.	
Community The local communities adjacent to Elandsfontein in South Africa and Hinda in the RoC.	The Company engages with the local community to obtain acceptance for future development plans. Community engagement will inform better understanding and decision making. The local community in Hopefield and the greater Saldanha Bay municipal area provides employees for Elandsfontein and its contractors for operations. Similarly, the communities surrounding Hinda will provide employees to the project and contractors during construction and operation. The Company will have a social and economic impact on the local communities. The Company is committed to ensuring sustainable growth, minimising adverse impacts. The Company will engage these stakeholders as is appropriate.	• The Company has community liaison officers in South Africa and RoC; • The Company has identified all key stakeholders within the local community in the reporting period; • Elandsfontein management has open dialogue with the local government and community leaders regarding the project development; • Similarly, Hinda management are actively engaging with local government and communities directly impacted by the Hinda project; and • The Company has existing Corporate Social Responsibility policies and management structure at corporate level. The Company will expand on these policies and structures at a local project level as the Company moves into production.	The Company has ongoing engagements with the local community as part of its sustainability initiatives. Stakeholder identification has enabled the Company to ensure that representatives of all stakeholder groups may participate in the community engagement programme.
Suppliers During the Elandsfontein operations phase, the Company has be using key suppliers under commercial contracts for the operations of mine, plant, road and port logistic operators and laboratory service providers, all of whom are reputable and established service providers. The Company also relies on a number of supply and maintenance contracts to ensure ongoing operations. At a community level, the Company has also partnered with a number of SMME companies.	Kropz's contractors and suppliers are fundamental to ensuring that the Company can meet the ramp-up and steady state operating objectives. Using quality suppliers ensures that as a business, the high performance targets can be met.	• Management continues to work closely with appointed contractors, consultants and suppliers to manage and optimise deliverables; and • One on one meetings between management and suppliers; • Vendor site visits and facility audits to ensure supplier is able to meet requirements; and • Contact with procurement department and accounts payable.	See page 10 of the strategic report for an update on the potential transport and logistics uncertainties facing the Group. Smaller local vendors were engaged at a broader level to better align with company objectives.

Section 2: Principal decisions by the Board

Principal decisions are defined as both those that have long-term strategic impact and are material to the Group, but also those that are significant to key stakeholder groups. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement, the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

During the financial period ending 31 March 2024

Convertible loan facility for ZAR 550 million from ARC, entered into on 14 November 2022

A third drawdown of ZAR 60 million (approximately US$ 3.5 million) of the ZAR 550 Million Equity Facility was made on 25 January 2023, a fourth drawdown of ZAR 40 million (approximately US$ 2.2 million) on 27 February 2023 and the final draw down of ZAR 7.5 million was made 8 December 2023.

Bridge loan facilities of ZAR 285 million entered into on 14 March 2023

As announced on 14 March 2023, Kropz Elandsfontein and ARC Fund agreed to a further ZAR 285 million (approximately US$ 15.5 million) of bridge loan facility ("Loan 1") to meet immediate cash requirements at Kropz Elandsfontein.

Loan 1 is unsecured, repayable on demand, with no fixed repayment terms and is repayable by Kropz Elandsfontein on no less than two business days' notice. Interest is payable on Loan 1 at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly.

The first draw down on the Loan for an amount of ZAR 25 million was made on 14 March 2023, a second draw down on the Loan for an amount of ZAR 90 million was made on 28 March 2023, a third drawdown was made for an amount of ZAR 30 million on 25 April 2023, a fourth draw down on the Loan for an amount of ZAR 80 million was made on 23 June 2023 and the final draw down of ZAR 60 million was made 18 August 2023.

Bridge loan facilities of ZAR 250 million entered into on 14 September 2023

As announced on 14 September 2023, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a further ZAR 250 million (approximately US$ 13.2 million) of bridge loan facility ("Loan 2") to meet immediate cash requirements at Kropz Elandsfontein. The loan is unsecured, repayable on demand, with no fixed repayment terms and is repayable by Kropz Elandsfontein on no less than two business days' notice. Interest is payable at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly. In the event that any amounts are outstanding under the loan, together with interest thereon, are not repaid within 6 months from the first utilisation date, the interest rate will be increased by an additional 2%.

The first draw down of the Loan for an amount of ZAR 155 million was made on 18 September 2023, a second draw down on the Loan for an amount of ZAR 75 million was made on 20 October 2023 and the final draw down of ZAR 20 million was made on 8 December 2023.

Bridge loan facilities of ZAR 115 million entered into on 15 December 2023

As announced on 15 December 2023, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 115 million (approximately US$ 6 million) of bridge loan facility ("Loan 3") to meet immediate cash requirements at Kropz Elandsfontein.

The Loan is unsecured. Interest is payable on the Loan at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly. In the event that any amounts outstanding under the Loan, together with interest thereon, is not repaid within 6 months from the first utilisation date, the interest rate will be increased by an additional 2%.

The first draw down of the Loan for an amount of ZAR 62.5 million was made on 15 December 2023 and the final draw down on the Loan for an amount of ZAR 52.5 million was made on 17 January 2024.

Bridge loan facilities of ZAR 170 million entered into on 27 March 2024

As announced on 27 March 2024, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 170 million (approximately US$ 9 million) of bridge loan facility (the “Loan 4") to meet immediate cash requirements at Kropz Elandsfontein.

The Loan is unsecured. Interest is payable on the Loan at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly. In the event that any amounts outstanding under the Loan, together with interest thereon, is not repaid within 6 months from the first utilisation date, the interest rate will be increased by an additional 2%.

The first draw down of the Loan for an amount of ZAR 60 million was made on 28 March 2024, a second draw down on the Loan for an amount of ZAR 73 million was made on 2 April 2024 and the final draw down of ZAR 37 million was made 22 April 2024.

Post 31 March 2024

As announced on 11 July 2024, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 140 million (approximately US$ 8 million) bridge loan facility (the “Loan") to meet immediate cash requirements at Kropz Elandsfontein.

The first draw down on the Loan for an amount of ZAR 80 million was made on 4 July 2024, a second and final draw down on the Loan for an amount of ZAR 60 million was made on 22 August 2024.

As more fully described in Note 34 Material Subsequent Events, the Group is in the process of completing a Fundraising and Restructuring. As a result of the Restructuring, the Elandsfontein Subsidiaries will extinguish their debt obligations to ARC. Kropz will have convertible debt of £88.9 million (including accumulated interest) outstanding with ARC, being the aggregate of the new CLN and the Existing Equity Facilities. Additionally, Kropz is in the process of completing a Fundraising of £8.9 million from ARC and other shareholders before expenses through the issue of new Ordinary shares an Issue Price of 1.387 pence per new Ordinary Share in the capital of the Company. The Issue Price represents a discount of approximately 5 per cent. to the 30-day volume weighted average share price per existing Ordinary Share to 23 August 2024. In aggregate, 643,873,018 new Ordinary Shares will be allotted and issued pursuant to the Fundraising.

This Strategic Report was approved by the Board of Directors.

Louis Loubser
Chief Executive Officer
30 September 2024

Consolidated Statement of Financial Position
As at 31 March 2024

	Notes	31 March 2024 US$'000	31 December 2022 US$'000
Non-current assets			
Property, plant, equipment and mine development	4	**85,411**	68,965
Exploration assets	5	**43,172**	42,415
Other financial assets	7	**1,527**	860
Inventories	8	**955**	-
		131,065	**112,240**
Current assets			
Inventories	8	**5,775**	3,273
Trade and other receivables	9	**6,913**	1,857
Cash and cash equivalents	10	**968**	2,120
		13,656	**7,250**
TOTAL ASSETS		**144,721**	**119,490**
Current liabilities			
Trade and other payables	17	**9,516**	7,284
Shareholder loans and derivative	13	**94,434**	-
Other financial liabilities	15	**11,722**	26,808
Current taxation	26	**650**	597
		116,322	**34,689**
Non-current liabilities			
Shareholder loans and derivative	13	**-**	55,102
Provisions	16	**1,375**	2,697
		1,375	**57,799**
TOTAL LIABILITIES		**117,697**	**92,488**
NET ASSETS		**27,024**	**27,002**

	Notes	31 March 2024 US$'000	31 December 2022 US$'000
Shareholders' equity			
Share capital	11	**1,212**	1,212
Share premium	11 / 12	**194,063**	194,063
Merger reserve	11 / 12	**(20,523)**	(20,523)
Foreign exchange translation reserve	12	**(12,132)**	(11,195)
Share-based payment reserve	12	**295**	271
Accumulated losses		**(108,577)**	(116,972)
Total equity attributable to the owners of the Company		**54,338**	**46,856**
Non-controlling interests	33	**(27,314)**	(19,854)
		27,024	**27,002**

The notes on pages 74 to 127 form an integral part of these Consolidated Financial Statements. The Financial Statements on pages 61 to 127 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Louis Loubser
Chief Executive Officer
30 September 2024

Consolidated Statement of Comprehensive Income
For the period ended 31 March 2024

	Notes	For the period ended 31 March 2024 US$'000	For the year ended 31 December 2022 US$'000
Revenue	19	**40,087**	-
Cost of sales	20	**(47,148)**	-
Gross loss		**(7,061)**	
Other income		**43**	116
Selling and distribution expenses	22	**(5,309)**	-
Operating expenses	22	**(5,336)**	(5,808)
Operating loss		**(17,663)**	**(5,692)**
Finance income	21	**265**	136
Finance expense	24	**(21,866)**	(9,812)
Fair value gain / (loss) from derivative liability	30	**20,601**	10,807
Impairment reversal /(losses)	25	**19,033**	(92,661)
Profit/(Loss) before taxation		**370**	(97,222)
Taxation	26	**(27)**	(602)
Profit/(Loss) after taxation		**343**	**(97,824)**
Profit/(Loss) attributable to:			
Owners of the Company		**8,866**	(66,639)
Non-controlling interests		**(8,523)**	(31,185)
		343	**(97,824)**
Profit/(Loss) for the period/year		**343**	**(97,824)**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
• Exchange differences on translating foreign operations		**(345)**	(3,246)
Total comprehensive loss		**(2)**	**(101,070)**
Attributable to:			
Owners of the Company		**7,929**	(70,027)
Non-controlling interests		**(7,931)**	(31,043)
		(2)	**(101,070)**
Loss per share attributable to owners of the Company:			
Basic and diluted (US cents)	27	**0.96**	**(7.23)**

Consolidated Statement of Changes in Equity
For the period ended 31 March 2024

	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2022	**1,194**	**193,524**	**(20,523)**	**(7,807)**	**1,197**	**(45,626)**	**121,959**	**5,778**	**127,737**
Total comprehensive loss for the year	-	-	-	(3,388)	-	(66,639)	(70,027)	(31,043)	(101,070)
Issue of shares	18	539	-	-	-	-	557	-	557
Share options exercised	-	-	-	-	(694)	694	-	-	-
Share based payment credit	-	-	-	-	(222)	-	(222)	-	(222)
Lapsed warrants	-	-	-	-	(10)	10	-	-	-
Investment in non-redeemable preference shares of Kropz Elandsfontein	-	-	-	-	-	(5,411)	(5,411)	5,411	-
Transactions with owners	**18**	**539**	**-**	**-**	**(926)**	**(4,707)**	**(5,076)**	**5,411**	**335**
Balance at 31 December 2022	**1,212**	**194,063**	**(20,523)**	**(11,195)**	**271**	**(116,972)**	**46,856**	**(19,854)**	**27,002**
Total comprehensive loss for the period	-	-	-	(937)	-	8,866	7,929	(7,931)	(2)
Share based payment credit	-	-	-	-	70	-	70	-	70
Share options forfeited	-	-	-	-	(46)	-	(46)	-	(46)
Investment in non-redeemable preference shares of Kropz Elandsfontein	-	-	-	-	-	(471)	(471)	471	-
Transactions with owners	**-**	-	-	--	**24**	**(471)**	**(447)**	**471**	**24**
Balance at 31 March 2024	**1,212**	**194,063**	**(20,523)**	**(12,132)**	**295**	**(108,577)**	**54,338**	**(27,314)**	**27,024**

Consolidated Statement of Cash Flows
For the period ended 31 March 2024

	Notes	For the period ended 31 March 2024 US$'000	For the year ended 31 Decemb er 2022 US$'000
Cash flows from operating activities			
Profit / (loss) before taxation		**370**	(97,222)
Adjustments for:			
Depreciation of property, plant and equipment	4	**921**	821
Amortisation of right-of-use assets	6	**-**	5
Impairment (reversal) / losses	25	**(19,034)**	92,661
Share-based payment credit	12	**6**	(222)
Finance income	21	**(265)**	(136)
Finance costs	24	**18,489**	6,496
Fair value gain on derivative liability	30	**(20,601)**	(10,807)
Debt modification present value adjustment	24	**(257)**	(233)
Foreign currency exchange differences		**2,302**	3,550
Fair value (gain) / loss on game animals	4	**(74)**	21
Operating cash flows before working capital changes		**(18,143)**	**(5,066)**
Increase in trade and other receivables	28	**(5,191)**	(471)
Increase in inventories	28	**(3,431)**	(3,453)
Increase / (Decrease) in trade and other payables	28	**3,811**	(172)
Net cash flows used in operating activities		**(22,954)**	**(9,162)**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	**(6,006)**	(29,215)
Disposal of property, plant and equipment		**8**	
Exploration and evaluation expenditure	5	**(628)**	(346)
Other financial asset	28	**(766)**	427
Finance income received	21	**265**	136
Transfer from restricted cash	10	-	4,727
Net cash flows used in investing activities		**(7,127)**	**(24,271)**
Cash flows from financing activities			
Finance costs paid	24	**(2,727)**	(2,586)
Shareholder loan received	13	**46,614**	38,727
Repayment of lease liabilities	14	**-**	(6)
Other financial liabilities	28	**(14,970)**	(3,712)
Issue of ordinary share capital	11	**-**	557
Net cash flows from financing activities		**28,917**	**32,980**
Net decrease in cash and cash equivalents		**(1,164)**	(453)
Cash and cash equivalents at beginning of the period		**2,120**	2,461
Foreign currency exchange gains on cash		**12**	112
Cash and cash equivalents at end of the period		**968**	**2,120**

Notes to the Consolidated Financial Statements for the period ended 31 March 2024

(1) General information

Kropz is an emerging plant nutrient producer and developer with an advanced stage phosphate mining project in South Africa and an exploration phosphate project in the Republic of Congo (“RoC”). The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

The Company was incorporated on 10 January 2018 and is a public limited company, with its ordinary shares admitted to the AIM Market of the London Stock Exchange on 30 November 2018 trading under the symbol, “KRPZ”. The Company is domiciled in England and incorporated and registered in England and Wales. The address of its registered office is 35 Verulam Road, Hitchin, SG5 1QE. The registered number of the Company is 11143400.

The Company changed its accounting reference date from 31 December to 31 March in November 2023. Accordingly, these financial statements cover the 15 months from 1 January 2023 to 31 March 2024. Comparative amounts are for the year ended 31 December 2022.

(2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in prepared in accordance with UK adopted international accounting standards and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified for any financial assets, financial liabilities and game animals which are stated at fair value through profit or loss. The Consolidated Financial Statements are presented in United States Dollars, the presentation currency of the Company and figures have been rounded to the nearest thousand.

Going concern

During the period ended 31 March 2024, the Group incurred a net profit/(loss) of US$ 0.3 million (twelve months ended 31 December 2022: loss of US$ (97.8) million) and experienced net cash outflows from operating activities. Cash and cash equivalents totalled US$ 0.97 million at 31 March 2024 (31 December 2022: US$ 2.1 million).

Elandsfontein is currently the Group’s only operating asset and source of revenue. As Elandsfontein is still busy ramping up its operations and yet to achieve break-even production levels, an operating loss is also expected in the year following the date of these accounts. The Group is consequently dependent on future fundraisings to meet any production costs, overheads, future development and exploration requirements and quarterly repayments on the BNP loan that cannot be met from existing cash resources and sales revenue.

The Company did not reach project completion as stipulated in the BNP facility agreement by 31 December 2022. The Company also failed to fund the debt service reserve account as required. BNP has waived these requirements, preventing the Company from falling into default on its loan terms, by means of several waivers since December 2022 to 30 September 2024.

At the end of the waiver period the bank has the contractual right to request the immediate repayment of the outstanding loan amount of US$ 3,750,000. However, the latest waiver expiry date coincides with the final payment date.

Elandsfontein's forecast cashflows were estimated using market-based commodity prices, exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements over an 18-month period. As with the impairment assessment, the going concern assessment only considered Elandsfontein's resources defined as "measured" and "indicated" per the updated MRE. The resource classified as "inferred" was not considered part of the mine plan for purposes of the going concern and impairment assessments. However, it is expected that as mining and drilling activities progress, progressively more of the total resource will be reclassified from inferred to measured and indicated. In the current period of assessment, the measured and indicated portions increased by 72% based on updated drilling and statistical estimation.

The 18-month forecast assumed fundraising described in Note 34 will be concluded by the end of September 2024. The short-term cash flow needs of the Group depend on the successful conclusion of the restructuring and fundraising transaction.

The critical estimates in the LOM plan and forecast cashflows expected to be generated can be summarised as follows:

- Phosphate rock prices and grade;
- Phosphate recoveries;
- Operating costs;
- Foreign exchange rates; and
- Discount rates.

The going concern assessment and forecast cashflows are highly sensitive to these estimates.

Phosphate rock prices and grade: Forecast phosphate rock prices are based on management's estimates of quality of production and selling price and are derived from forward price curves and long-term views of global supply and demand in a changing environment, particularly with respect to climate risk, building on past experience of the industry and consistent with external sources.

In total Elandsfontein managed to achieve trial production sales totalling US$40 million during the current period (Twelve months ended 31 December 2022: US$ nil). Since 31 March 2024 and the date of the financial statements, an additional US$13 million production sales were achieved.

Kropz is a new entrant to the phosphate market and has to date sold its shipments at a discount to prevailing market prices. The discount was taken into account in the going concern and impairment testing models. The discount is, however, expected to unwind as Elandsfontein builds its reputation, establishes itself in the global market and improves its production quality and stability. As modification are planned and efficiency improvements are implemented at Elandsfontein, Elandsfontein should see a gradual improvement in both grade and quality, some of which have already materialised.

Phosphate recoveries: Estimated production volumes are based on detailed LOM plans of the measured and indicated resource as defined in the MRE and take into account development plans for the mine agreed upon by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted.

Estimated production volumes are subject to significant uncertainty given the ongoing ramp-up. The production ramp-up has been delayed largely by the need to re-engineer parts of the fine flotation circuit proposed by the vendor. Mining and processing have also been affected by early unpredicted ore variability and lack of operator experience. The Company is in the process of analysing the hard bank and pink ore material to identify the appropriate method of mining and processing to improve production yield. The Western Cape has experienced unprecedented rain this season which has led to severely wet mining conditions and has hindered ore delivery to the plant and concentrate production during the period This is being addressed by increased drainage. Production throughput is also being limited by the nature of slimes material and, the Company is investing in new equipment to seek to overcome this and aims to increase production throughput.

Reserves and resources: The LOM plan includes only the measured and indicated resources as defined in the MRE which represents only around 8 years of forecast production. There was a significant increase in the measured and indicated resources in the MRE issued in March 2024 (an increase of 72%) compared to the MRE issued in December 2022 as set out in the Strategic report. The Directors believe that the inferred resources in the MRE are capable of being accessed giving a mine life of around 12 years, but this has not been taken into account in the discounted cashflows.

Exchange rates: Foreign exchange rates are estimated with reference to external market forecasts. The assumed long-term US dollar/ZAR exchange rate are based on a consensus for the period to year 2028. Future years' exchange rates were estimated using the prevailing inflation and interest rate differential between USD and ZAR.

Operating cost: Operating costs are estimated with reference to contractual and actual current costs adjusted for inflation. Key operating cost estimates are mine and plant operating costs and transportation and port costs. The forecast mine and plant costs were based on the contracted rates with the current mine and plant operators. Production cost per tonne currently is higher than sales per tonne as full production has not been reached to date, leading to a gross loss per tonne. The forecast assumes that as production volumes increase the average cost per tonne of phosphate will decrease with economies of scale and further efficiency gains. *Mine and plant operating costs:* The forecast mine and plant costs were based on the contracted rates with the current mine and plant operators.

Port costs: The Group has a draft port access agreement with Transnet for Saldanha port but this has not yet been signed. The Group has paid guest port charges (the higher rates were used in the forecast) for Saldanha for the shipments in 2023 and 2024 to date.

Discount rates: A discount rate of 14.05% was applied to the discounted cash flows used in the LOM plan. This discount rate is derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service and the expected cost of any incremental debt. Specific risk is incorporated by applying beta factors.

There is a risk that revenue remains subdued and below operating costs and as a result the expected improvement in operating margin included in the discounted cashflows, may not materialise. In such a scenario the recoverable amount from the Elandsfontein mine will be lower than the discounted cashflows and subsequently impact the impairment assessment conclusion. Please also see Note 25 Impairment losses for sensitivity analysis.

Funding
The Group is dependent on future fundraisings to meet production costs, overheads, future development, exploration requirements and quarterly repayments on the BNP loan that cannot be met from existing cash resources and sales revenue alone.

The ARC Fund, on various occasions in the past, provided funding to support the Group's operations. During the 2024 financial period, Kropz, Kropz Elandsfontein and ARC Fund agreed to further funding totalling ZAR 820 million (approximately US$ 44.2 million) bridge loan facilities ("Loan") to meet immediate cash requirements at Kropz Elandsfontein. Subsequent to the year end, Kropz, Kropz Elandsfontein and ARC Fund agreed to a further ZAR 140 million (approximately US$ 8 million) bridge loan facilities ("New Loan"). The loan is now fully drawn. Kropz is completing a Restructuring and Fundraising transaction is more fully described in Note 34.

Management engages frequently with BNP regarding the capital repayment and refinancing of the BNP debt facility. The Company did not reach project completion as stipulated in the BNP facility agreement by 31 December 2022. Considering the delay in achieving sales, the Company also failed to fund the debt service reserve account as required. BNP have, waived these requirements, preventing the Company from falling in default of its loan terms. Kropz Elandsfontein has made all the capital and interest payments to BNP as required to the date of this report. Remaining balances as at 31 March 2024 US$ 11 250 000.00.

Management has successfully raised money in the past from its supportive major shareholder, but there is no guarantee that any additional funds that might be required will be available if needed in the future. Management engages frequently with BNP regarding the capital repayment and refinancing of the BNP debt facility.

Going concern basis
Based on the Group's current available reserves, recent operational performance, forecast production and sales coupled with Management's track record to successfully raise additional funds as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and at least for a period of 18 months from the date of approval of these financial statements.

As more fully described in Note 34 Material Subsequent Events, the Group has entered into a Restructuring of its debt obligations and a Fundraising transaction. As a result of the Restructuring, Elandsfontein Subsidiaries will extinguish its debt obligations to the ARC Fund. Kropz will have convertible debt of totalling £88.9 million (including accumulated interest) outstanding to the ARC Fund, being the aggregate of the new CLN and the Existing Equity Facilities. Additionally, in September 2024, Kropz is completing a Fundraising of £8.9 million from ARC and other shareholders before expenses through the issue of new Ordinary shares an Issue Price of 1.387 pence per new Ordinary Share in the capital of the Company. The Issue Price represents a discount of approximately 5 per cent. to the 30-day volume weighted average share price per existing Ordinary Share to 23 August 2024. In aggregate, 643,873,018 new Ordinary Shares will be allotted and issued pursuant to the Fundraising.

For these reasons, the financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As there can be no guarantee that any additional funding that might be required can be raised in the necessary timeframe, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Operational cash flows and impairment

An impairment reversal of US$ 19 million has been recognised as at 31 March 2024 in relation to the Elandsfontein mine based on the latest life of mine (LOM) plans following the updated mineral resource estimate as announced on 20 June 2024 and set out in the Strategic report. Please refer to Note 25 for some key assumptions and sensitivity analysis of the impairment assessment performed. The recoverable amount of the Elandsfontein mine was estimated based on discounted cash flows expected to be generated from the continued use of the cash generating unit (CGU) using market-based commodity prices and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs, capital requirements and its eventual disposal based on the CGU's latest LOM plans. These calculations include a number of estimates which if the actual outcome were different could have a significant impact on the impairment assessment, financial outcome of the Elandsfontein mine operations and the Group's funding needs.

Functional and presentational currencies

The Consolidated Financial Statements are presented in US Dollars.

The functional currency of Kropz plc is Pounds Sterling and its presentation currency is US Dollars, due to the fact that US Dollars is the recognised reporting currency for most listed mining resource companies on AIM.

The functional currency of Kropz SA and its subsidiaries (as shown below) is South African Rand, being the currency in which the majority of the companies' transactions are denominated.

The functional currencies of Cominco Resources and its subsidiaries are Euros, Pounds Sterling and Central African Francs being the currency in which the majority of the companies' transactions are denominated. Its presentation currency is US Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction.

At the end of each financial period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to satisfy the requirements of IAS 21 with respect to presentation currency, the consolidated financial statements have been translated into US Dollars using the procedures outlined below:

- Assets and liabilities where the functional currency is other than US Dollars were translated into US Dollars at the relevant closing rates of exchange;
- Non-US Dollar trading results were translated into US Dollars at the relevant average rates of exchange;
- Differences arising from the retranslation of the opening net assets and the results for the period have been taken to the foreign currency translation reserve;
- Share capital has been translated at the historical rates prevailing at the dates of transactions; and
- Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

Changes in accounting policies

(i) New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

	Effect annual periods beginning before or after
IFRS 17 Insurance Contracts	1st January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1st January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1st January 2023
Deferred tax relating to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1st January 2023
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	1st January 2023

The Group has considered the above new standards and amendments and has concluded that they are either not relevant to the Group or they do not have a significant impact on the Group's consolidated financial statements.

(ii) New standards, interpretations and amendments not yet effective

At the date of authorisation of these consolidated Group financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. Management is currently assessing the impact of these new standards on the Group.

	Effect annual periods beginning before or after
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1st January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1st January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16	1st January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1st January 2024
Lack of Exchangeability (Amendments to IAS 21)	1st January 2025

With the exception of IAS 1 presentation of financial statements (amendment – classification of liabilities as current or non-current), the Group does not believe that the amendments will have a significant impact.

On implementation of IAS 1 presentation of financial statements (amendment – classification of liabilities as current or non-current), the Group will present its convertible loan liabilities as current liabilities as opposed to non-current liabilities which is the presentation in these financial statements.

(b) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries listed in Note 3.

A subsidiary is defined as an entity over which the Group has control. The Group controls an entity when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) Exposure, or rights, to variable returns from its involvement with the investee; and
c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Accounting for asset acquisition within a corporate structure
Acquisitions of mineral assets through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset and recognised at the fair value of the consideration.

Non-controlling interests
The Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. The benefit accruing to the non-controlling interests arising from their proportionate share of the portion of the non-redeemable and non-participating preference share investment by Kropz plc into Kropz Elandsfontein is attributed to the non-controlling interests in proportion to their relative ownership interests.

Merger relief
The issue of shares by the Company is accounted for at the fair value of the consideration received. Any excess over the nominal value of the shares issued is credited to the share premium account other than in a business combination where the consideration for shares in another company includes the issue of shares, and on completion of the transaction, the Company has secured at least a 90% equity holding in the other company. In such circumstances the credit is applied to the merger relief reserve. In the case of the Company’s acquisition of Cominco Resources, where shares were acquired on a share for share basis, then merger relief has been applied to those shares issued in exchange for shares in Cominco Resources.

(c) Property, plant, equipment and mine development

Property, plant, equipment and mine development includes buildings and infrastructure, machinery, plant and equipment, site preparation and development and essential spare parts that are held to minimise delays arising from plant breakdowns, that are expected to be used during more than one period.

Assets that are in the process of being constructed are measured at cost less accumulated impairment and are not depreciated. All other classes of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Land is depreciated over the life of the mine.

Historical cost includes expenditure that is directly attributable to the acquisition of the items, including:

- The estimated costs of decommissioning the assets and site rehabilitation costs to the extent that they related to the asset;
- Capitalised borrowing costs;
- Capitalised pre-production expenditure; and
- Topsoil and overburden stripping costs.

The cost of items of property, plant and equipment are capitalised into its various components where the useful life of the components differs from the main item of property, plant and equipment to which the component can be logically assigned. Expenditure incurred to replace a significant component of property, plant and equipment is capitalised and any remaining carrying value of the component replaced is written off as an expense in the income statement.

Direct costs incurred on major projects during the period of development or construction are capitalised. Subsequent expenditure on property, plant and equipment is capitalised only when the expenditure enhances the value or output of the asset beyond original expectations, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Costs incurred on repairing and maintaining assets are recognised in the income statement in the period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation

All items of property, plant and equipment are depreciated on either a straight-line method or unit of production method at cost less estimated residual values over their useful lives as follows:

Item	Depreciation method	Average useful life
Buildings and infrastructure		
Buildings	Units of production	Life of mine*
Roads	Straight-line	15 years
Electrical sub-station	Straight-line	15 years
Machinery, Plant and Equipment		
Fixed plant and equipment	Units of production	Life of mine*
Water treatment plant	Units of production	Life of mine*
Critical spare parts	Straight-line	2-15 years
Furniture and fittings	Straight-line	6 years
Motor vehicles	Straight-line	5 years
Computer equipment	Straight-line	3 years
Mineral exploration site preparation	Units of production	Life of mine*
Stripping activity	Units of production	Life of mine*

* Depreciation of mining assets is computed principally by the units-of-production method over life-of-identified ore based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

Useful lives and residual values

The asset's useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

Stripping activity asset

The costs of stripping activity which provides a benefit in the form of improved access to ore is capitalised as a non-current asset until ore is exposed where the following criteria are met:

- it is probable that future economic benefit in the form of improved access to the ore body will flow to the entity;
- the component of the ore body for which access has been improved can be identified; and
- the cost of the stripping activity can be reliably measured.

The stripping activity is initially measured at cost and subsequently carried at cost less depreciation and impairment losses.

(d) Mineral exploration and evaluation costs

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. Following the granting of a prospecting right, general administration and overhead costs directly attributable to exploration and evaluation activities are expensed and all other costs are capitalised and recorded at cost on initial recognition.

The following expenditures are included in the initial and subsequent measurement of the exploration and evaluation assets:

- Acquisition of rights to explore;
- Topographical, geological, geochemical or geographical studies;
- Exploratory drilling;
- Trenching;
- Sampling;
- Activities in relation to the evaluation of both the technical feasibility and the commercial viability of extracting minerals;
- Exploration staff related costs; and
- Equipment and infrastructure.

Exploration and evaluation costs that have been capitalised are classified as either tangible or intangible according to the nature of the assets acquired and this classification is consistently applied.

If commercial reserves are developed, the related deferred exploration and evaluation costs are then reclassified as development and production assets within property, plant and equipment.

All capitalised exploration and evaluation expenditure is monitored for indications of impairment in accordance with IFRS 6. One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(e) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

The discount rate is the rate implicit in the lease, if readily determinable. If not, the Company's incremental borrowing rate is used which the Company has assessed to be 7.22%, being an average SOFR plus 3%, being an appropriate level of risk to the risk-free rate of borrowing.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and

- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(f) Game animals

Game animals are wild animals that occur on the farm properties owned by the Group. The animals are owned by Elandsfontein Land Holdings and held within the approximately 5,000 hectares of farmland owned by Elandsfontein Land Holdings. The property is appropriately fenced with game specific fencing. These animals are managed in terms of a game management plan and excess animals are either sold as live animals or harvested as and when required based on estimated stocking levels and vegetation conditions. Law in South Africa specifies that wild animals are the property of the owner of the land that they occupy.

Game animals are measured at their fair value less estimated point-of-sale costs, fair value being determined upon the age and size of the animals and relevant market prices. Market price is determined on the basis that the animal is either to be sold to be slaughtered or realised through sale to customers at fair market value.

Fair market value of game animals is determined by using average live game animal selling prices achieved at live game animal auctions during the relevant period and published from time to time on game animal auctioneering websites.

(g) Financial instruments

Classification and measurement

The Group classifies its financial instruments into the following categories:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit and loss;
- Financial liabilities measured at amortised cost; and
- Derivative financial instruments accounted for at fair value through profit and loss.

Classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Group does not acquire financial assets for the purpose of selling in the short term. The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

Financial assets held at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" ("SPPI") criteria.

At initial recognition, trade and other receivables that do not have a significant financing component are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs. They are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Assets and liabilities in this category are classified as current if they are expected to be settled within twelve months, otherwise they are classified as non-current.

Call options in the Company's own equity are recorded at fair value and change in fair value recorded through income statement.

Undrawn facilities with a conversion option, for which the terms give rise to a derivative, are revalued for changes in the share price prior to draw down with a resulting loss for revaluation booked to Profit and Loss and the remaining receivable extinguished through equity based on the relative draw down percentage of undrawn facilities at each reporting period.

Impairment of financial assets

A forward-looking expected credit loss ("ECL") review is required for debt instruments measured at amortised cost or held at fair value through other comprehensive income, financial guarantees not measured at fair value through profit or loss and other receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Group applies the "simplified approach" to trade receivables, contract assets and lease receivables and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as financial assets at amortised cost.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Modification of debt instruments

When the contractual terms of a financial liability are substantially modified, it is accounted for as an extinguishment of the original debt instrument and the recognition of a new financial liability. The new debt instrument is recorded at fair value and any difference from the carrying amount of the extinguished liability, including any non-cash consideration transferred, is recorded in profit or loss. Any costs or fees incurred are generally included in profit or loss, too.

If a modification to the terms of a financial liability is not substantial, then the amortised cost of the liability is recalculated as the present value of the estimated future contractual cash flows, discounted at the original effective interest rate. The resulting gains or losses are recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortised over its term. The periodic re-estimation of cash flows to reflect movements in market rates of interest will change the effective interest rate of a floating-rate financial liability.

To determine whether a modification of terms is substantial, the Company performs a quantitative assessment. If the difference in the present values of the cash flows is less than 10 percent, then the Company performs a qualitative assessment to identify substantial differences in terms that by their nature are not captured by the quantitative assessment. Performing a qualitative assessment may require a high degree of judgement based on the facts and circumstances.

(h) Taxation

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.

Deferred tax assets and liabilities

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit and differences relating to investments in subsidiaries to the extent they are controlled and probably will not reverse in the foreseeable future.

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 the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit.

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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax expense

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

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 (‘CGU’) is the higher of its fair value less costs to of disposal (‘FVLCD’) and its value in use (‘VIU’).

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 loss, of assets carried at cost less any accumulated depreciation or amortisation, is recognised immediately in profit or loss.

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 carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

(j) Inventories

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

Plant spares and consumables stores are capitalised to the balance sheet and expensed to the income statement as they are utilised.

Spares and consumables are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Obsolete, redundant and slow-moving items of spares and consumables are identified on a regular basis and written down to their net realisable value.

Inventories are included in current assets, unless the inventory will not be used within 12 months after the end of the reporting period.

(k) Provisions and contingencies

Environmental rehabilitation

The provision for environmental rehabilitation is recognised as and when an obligation to incur rehabilitation and mine closure costs arises from environmental disturbance caused by the development or ongoing production of a mining property. Estimated long-term environmental rehabilitation provisions are measured based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. Any subsequent changes to the carrying amount of the provision resulting from changes to the assumptions as to the timing of the rehabilitation applied in estimating the obligation are recognised in property, plant and equipment.

The provisions are based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date, using the risk-free rate and the risk adjusted cash flows that reflect current market assessments and the risks specific to the provisions. Increases due to the additional environmental disturbances are capitalised and amortised over the remaining life of the mine.

Decommissioning provision

The estimated present value of costs relating to the future decommissioning of plant or other site preparation work, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that it relates to the construction of an asset, and the related provisions are raised in the statement of financial position, as soon as the obligation to incur such costs arises.

These estimates are reviewed at least annually and changes in the measurement of the provision that result from the subsequent changes in the timing of costs and the risk-free rate, are added to, or deducted from, the cost of the related asset in the current period. Other changes are charged to profit or loss. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. 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 on impairment of non-financial assets above.

(l) Share capital and equity

Ordinary shares are classified as equity and are recorded at the proceeds received net of issue costs.

(m) Convertible debt

The proceeds received on issue of the Group's convertible debt which fail the fixed-for-fixed criterion under IFRS are allocated into their liability and derivative liability components. The derivative liability is measured at fair value with subsequent changes recognised in profit or loss The debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the debt.

(n) Borrowing costs

Interest on borrowings directly related to the financing of qualifying capital projects under development is added to the capitalised cost of those projects during the development phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance the project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project forming part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

Qualifying assets are assets that necessarily take a substantial period of time (more than 12 months) to get ready for their intended use or sale. Borrowing costs are added to the cost of these assets, until the assets are substantially ready for their intended use or sale.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(o) Employee benefits

The cost of short-term employee benefits, such as leave pay 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.

(p) Intangible assets

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

(q) Finance income

Interest income is recognised as other income on an accrual basis based on the effective yield on the investment.

(r) Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Equity-settled share-based payments to non-employees are measured at the fair value of services received, or if this cannot be measured, at the fair value of the equity instruments granted at the date that the Group obtains the goods or counterparty renders the service.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Where there are no vesting conditions, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the Directors' Report and Note 11 to the Consolidated Financial Statements.

(s) Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when income is recognised. Under IFRS 15, income is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises income when it transfers control over a product or services to a customer.

Revenue comprises the fair value of the consideration received or receivable from the sale of products or services rendered in the ordinary course of the Group's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of income, and associated costs incurred or to be incurred can be measured reliably.

The Group recognises revenue from the following major sources:

Phosphate income

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods.

Rock phosphate sales are generally physically delivered to customers in the period in which it is produced, with the sales price based on contractual agreement. The price applied will be the prevailing rate at the point of revenue recognition. The agreed price is adjusted if the grade, tonnage or moisture content of the rock phosphate differs from that guaranteed by the Group.

As the transfer of risks and rewards is at a point in time under IFRS 15, the key judgements in reaching this conclusion are that the control of all goods and services (transferred to the customer under a sales contract) is satisfied at the point in time when loading at port is complete and there are no materially distinct performance obligations.

Most export sales are free on-board origin (FOB) whereby the buyer assumes all risk once the Group has loaded the product on board the vessel.

All the Group's sales are wholesale.

Payment of the transaction price is typically made on presentation of Bills of Lading and the issue of Certificates of Quality and Quantity issued by an independent surveyor. At this point in time, the

Group's performance obligations are complete, and revenues are recognised in full immediately, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. The full consideration is allocated to the performance obligation per the contract which is the sale of the phosphate concentrate.

The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

A receivable is recognised by the Group when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(t) Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(u) Critical accounting estimates and judgements

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

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

(i) Exploration and evaluation assets (Note 5)

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that costs incurred will be recovered through successful development or sale of the asset under review when assessing impairment. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalised is written off in the net profit or loss in the period when the new information becomes available. In situations where indicators of impairment are present for the Group's exploration and evaluation assets, estimates of recoverable amount must be determined as the higher of the estimated VIU or the estimated FVLCD.

(ii) Functional currency

The Group transacts in multiple currencies. The assessment of the functional currency of each entity within the consolidated Group involves the use of judgement in determining the primary economic environment each entity operates in. The Group first considers the currency that mainly influences sales prices for goods and services, and the currency that mainly influences labour, material and other costs of providing goods or services. In determining functional currency, the Group also considers the currency from which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained. See Note 31 for sensitivity analysis of foreign exchange risk.

(iii) Decommissioning and rehabilitation provisions (Note 16)

Quantifying the future costs of these obligations is complex and requires various estimates and judgements to be made, as well as interpretations of and decisions regarding regulatory requirements, particularly with respect to the degree of rehabilitation required, with reference to the sensitivity of the environmental area surrounding the sites. Consequently, the guidelines issued for quantifying the future rehabilitation cost of a site, as issued by the South African Department of Mineral Resources, have been used to estimate future rehabilitation costs. The Group appointed Braaf Environmental Practitioners to conduct an independent specialist update of the decommissioning and rehabilitation provision.

(iv) Other financial assets

The Group has given guarantees to a number of third parties as described in Note 7 and lodged funds as security.

The amounts are recoverable subject to satisfactory performance of certain conditions which requires judgement as to the likelihood of the return of such guarantees. At the balance sheet date the Directors make judgements on the amounts expected to be returned and consider that all amounts are recoverable.

(v) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

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 requires 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 in each jurisdiction. 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.

Management’s judgement is that due to the mine not being at steady state production it is premature to recognise a deferred tax asset for the accumulated tax losses.

(vi) Fair value of financial instruments

The judgements and estimates made by the Group in determining the fair values of the financial instruments are described in Note 13 and 30 to the Consolidated Financial Statements.

(vii) Impairment indicator assessment

The Group reviews and tests the carrying value of assets when events or changes in circumstances ("impairment indicators”) suggest that the carrying amount may not be recoverable. At 31 March 2024 and a calculation of recoverable amount was performed and an impairment reversal of US$ 19 million is recorded (refer to Note 25). As part of the impairment indicator assessment, management evaluate the life of mine plan discounted cash flow model. These calculations require the use of estimates and assumptions. The key estimates made include discount rates, being the Group's weighted average cost of capital, future prices of phosphate rock, mine production levels and foreign currency exchange rates.

(v) Key sources of estimation uncertainty

Property, plant and equipment

The depreciable amount of property, plant and equipment is allocated on a systematic basis over its useful life. In determining the depreciable amount management makes certain assumptions with regard to the residual value of assets based on the expected estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. If an asset is expected to be abandoned the residual value is estimated at zero.

In determining the useful lives of property, plant and equipment that is depreciated, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

This estimate is further impacted by management's best estimation of proved and probable phosphate ore reserves and the expected future life of each of the mines within the Group. The forecast production could be different from the actual phosphate mined. This would generally result from significant changes in the factors or assumptions used in estimating phosphate reserves. These factors include:

- changes in proved and probable ore reserves;
- differences between achieved ore prices and assumptions;
- adverse movements in foreign exchange;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing, reclamation and logistics costs, discount rates and foreign exchange rates.

Any change in management's estimate of the useful lives and residual values of assets would impact the depreciation charge. Any change in management's estimate of the total expected future life of each of the mines would impact the depreciation charge as well as the estimated rehabilitation and decommissioning provisions.

In determining the FVLCD for purposes of the impairment consideration, the value is most sensitive to the following assumptions:

- Phosphate rock prices;
- Phosphate recoveries;
- Foreign exchange rates; and
- Operating costs.

Refer to Note 25 for further details.

Life of mine

Life of mine is defined as the remaining years of production, based on proposed production rates and ore reserves and will be assessed as soon as additional exploration drilling has been performed and further reserves proven based on additional test results.

Fair value of derivative instruments

Information about the specific techniques, assumptions and inputs is disclosed in Note 13 and 30 to the Consolidated Financial Statements. The key estimates associated with the fair value of the derivative liability include volatility and the assumptions regarding conversion timing.

(3) Subsidiaries of the Group

The subsidiaries of the Group, all of which are private companies limited by shares, as at 31 March 2024, are as follows:

Company	Country of Registration or Incorporation	Registered Office	Principal Activity	Percentage of ordinary shares held by Company
Kropz SA (Pty) Limited	South Africa	1st Floor 43 Plein Street Stellenbosch, 7600	Intermediate holding company	100%
Elandsfontein Land Holdings (Pty) Ltd	South Africa	1st Floor 43 Plein Street Stellenbosch, 7600	Property owner	70% *
Kropz Elandsfontein (Pty) Ltd	South Africa	1st Floor 43 Plein Street Stellenbosch, 7600	Phosphate exploration and mining	74% **
West Coast Fertilisers (Pty) Ltd	South Africa	1st Floor 43 Plein Street Stellenbosch, 7600	Phosphoric acid production	70%
Xsando (Pty) Ltd	South Africa	1st Floor 43 Plein Street Stellenbosch, 7600	Sand sales	70%
Cominco Resources Limited	BVI	Woodbourne Hall, PO Box 3162, Road Town, Tortola, British Virgin Islands	Intermediate holding company	100%
Cominco S.A.	RoC	Woodbourne Hall, PO Box 3162, Road Town, Tortola, British Virgin Islands	Development	100% ***
Cominco Resources (UK) Ltd	England and Wales	35 Verulam Road Hitchin SG5 1QE	Service company	100% ***

* 46.67% held indirectly
** 38.18% held indirectly
*** held indirectly

The accounting reference date of each of the subsidiaries is coterminous with that of the Company except of Cominco SA Being 31 December as regulated in the RoC.

(4) Tangible assets – Property, plant, equipment and mine development

	31 Mar 2024 Cost US$'000	31 Mar 2024 Accumulated Depreciation and Impairment US$'000	31 Mar 2024 Carrying value US$'000	31 Dec 2022 Cost US$'000	31 Dec 2022 Accumulated Depreciation and Impairment US$'000	31 Dec 2022 Carrying value US$'000
Buildings and infrastructure						
Land	1,278	(615)	663	1,418	(795)	623
Buildings	9,379	(3,949)	5,430	9,840	(5,597)	4,243
Capitalised road costs	6,853	(4,906)	1,947	7,600	(5,709)	1,891
Capitalised electrical sub-station costs	2,973	(2,090)	883	3,297	(2,445)	852
Machinery, plant and equipment						
Critical spare parts	1,824	(755)	1,069	1,786	(1,002)	784
Plant and machinery	86,837	(36,243)	50,594	95,061	(53,486)	41,575
Water treatment plant	2,941	(1,222)	1,719	2,333	(1,308)	1,025
Furniture and fittings	51	(40)	11	56	(41)	15
Geological equipment	71	(52)	19	79	(48)	31
Office equipment	130	(125)	5	30	(28)	2
Other fixed assets	1	(1)	-	1	(1)	-
Motor vehicles	252	(93)	159	93	(93)	-
Computer equipment	138	(121)	17	79	(45)	34
Mine development	17,762	(7,148)	10,614	17,724	(9,788)	7,936
Stripping activity costs	20,536	(8,492)	12,044	22,257	(12,485)	9,772
Game animals	237	-	237	182	-	182
Total	**151,263**	**(65,852)**	**85,411**	**161,836**	**(92,871)**	**68,965**

Reconciliation of property, plant, equipment and mine development – Period ended 31 March 2024

	Opening Balance US$'000	Additions US$'000	Disposals US$'000	Fair value gain/ (loss) US$'000	Impair-ment* US$'000	Depreciation charge US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Buildings and infrastructure								
Land	623	-	-	-	337	-	(297)	663
Buildings	4,243	516	-	(1)	1,109	(37)	(400)	5,430
Capitalised road costs	1,891	-	-	-	800	(582)	(162)	1,947
Capitalised electrical sub-station costs	852	-	-	-	356	(252)	(73)	883
Machinery, plant and equipment								
Critical spare parts	784	218	-	-	138	-	(71)	1,069
Plant and machinery	41,575	1,186	-	(42)	11,768	(202)	(3,691)	50,594
Water treatment plant	1,025	853			(60)	-	(99)	1,719
Furniture and fittings	15	-	-	-	-	(4)	-	11
Geological equipment	31	-	-	-	-	(9)	(3)	19
Office equipment	2	129	-	(27)	-	(99)	-	5
Other fixed assets	-	-	-	-	-	-	-	-
Motor vehicles	-	127	-	56	-	(24)	-	159
Computer equipment	34	70	(2)	-	-	(81)	(4)	17
Mine development	7,936	1,812	-	-	1,570	-	(704)	10,614
Stripping activity costs	9,772	474	-	-	2,665	-	(867)	12,044
Game animals	182	-	-	74	-	-	(19)	237
Total	68,965	5,385	(2)	60	18,683	(1,290)	(6,390)	85,411

* Refer to Note 25.

Reconciliation of property, plant, equipment and mine development – Year ended 31 December 2022

	Opening Balance US$'000	Additions US$'000	Fair value loss US$'000	Impair-ment* US$'000	Depreciation charge US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Buildings and infrastructure							
Land	1,515	-	-	(795)	-	(97)	**623**
Buildings	10,458	-	-	(5,747)	(33)	(435)	**4,243**
Capitalised road costs	5,143	-	-	(2,522)	(527)	(203)	**1,891**
Capitalised electrical sub-station costs	2,310	-	-	(1,137)	(229)	(92)	**852**
Machinery, plant and equipment							
Critical spare parts	1,713	190	-	(1,046)	-	(73)	**784**
Plant and machinery	86,180	14,911	-	(55,775)	(1)	(3,740)	**41,575**
Water treatment plant	2,435	56	-	(1,366)	-	(100)	**1,025**
Furniture and fittings	9	10	-	-	(4)	-	**15**
Geological equipment	20	18	-	-	(6)	(1)	**31**
Office equipment	11	-	-	-	(9)	-	**2**
Other fixed assets	-	-	-	-	-	-	**-**
Motor vehicles	-	-	-	-	-	-	**-**
Computer equipment	24	24	-	-	(12)	(2)	**34**
Mine development	18,938	-	-	(10,227)	-	(775)	**7,936**
Stripping activity costs	6,126	17,178	-	(13,035)	-	(497)	**9,772**
Game animals	217	-	(21)	-	-	(14)	**182**
Total	**135,099**	**32,387**	**(21)**	**(91,650)**	**(821)**	**(6,029)**	**68,965**

Game animals
Game animal assets are carried at fair value. The different levels are defined as follows:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access as measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements – Level 3.

Kropz Elandsfontein has a fully drawn down project financing facility with BNP Paribas for US$ 30 million (see Note 15), the outstanding balance as at period end was US$ 11,262,000. BNP has an extensive security package over all the assets of Kropz Elandsfontein and Elandsfontein Land Holdings (Pty) Ltd ("Elandsfontein Land Holdings") as well as the share investments in those respective companies owned by Kropz SA (Pty) Ltd ("Kropz SA").

(5) Intangible assets - Exploration and evaluation costs

	31 March 2024 Cost US$'000	31 March 2024 Amort-isation US$'000	31 March 2024 Carrying value US$'000	31 Dec 2022 Cost US$'000	31 Dec 2022 Amort-isation US$'000	31 Dec 2022 Carrying value US$'000
Capitalised costs	**43,172**	**-**	**43,172**	42,415	-	**42,415**

The costs of mineral resources acquired and associated exploration and evaluation costs are not subject to amortisation until they are included in the life-of-the-mine plan and production has commenced.

Where assets are dedicated to a mine, the useful lives are subject to the lesser of the asset category's useful life and the life of the mine, unless those assets are readily transferable to another productive mine. In accordance with the requirements of IFRS 6, the Directors assessed whether there were any indicators of impairment. No indicators were identified.

Reconciliation of exploration assets

	Opening Balance US$'000	Additions US$'000	Disposals US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Period ended 31 March 2024					
Capitalised exploration costs	**42,415**	**393**	**-**	**364**	**43,172**

	Opening Balance US$'000	Additions US$'000	Disposals US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Year ended 31 December 2022					
Capitalised exploration costs	44,631	346	-	(2,562)	**42,415**

(6) Right-of-use assets

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Cost		
Brought forward	**103**	**110**
Right-of-use asset derecognised	**(42)**	
Foreign exchange differences	**(4)**	**(7)**
As at 31 December	**57**	**103**
Amortisation		
Brought forward	**103**	**103**
Charge for the period	**-**	**5**
Right-of-use asset derecognised	**(42)**	
Foreign exchange differences	**(4)**	**(5)**
As at 31 December	**(57)**	**103**
Net book value	**-**	**-**

(7) Other financial assets

	31 March 2024 US$'000	31 December 2022 US$'000
Eskom guarantee (1)	**279**	309
Eskom guarantee (2)	**283**	313
Eskom guarantee (3)	**243**	-
Centriq insurance DMR guarantee	**455**	238
Margin Account	**267**	-
Total	**1,527**	**860**

(1) Eskom guarantee
Guarantee issued to Eskom Holdings SOC Limited in the amount of ZAR 5,235,712 in respect of "supply agreement (early termination) guarantee".

(2) Eskom guarantee
Guarantee issued to Eskom Holdings SOC Limited in the amount of ZAR 5,305,333 in respect of an "electricity accounts guarantee".

(3) Eskom guarantee
Guarantee issued to Eskom Holdings SOC Limited in the amount of ZAR4,458,954 in respect of an "electricity accounts guarantee".

Centriq insurance DMR guarantee
Guarantee in favour of Department of Mineral Resources of ZAR 50 million in respect of a "financial guarantee for the rehabilitation of land disturbed by prospecting/mining" under an insurance policy. An additional annual premium is due on 1 November 2024.

Margin Account
Cash collateral balance held with a reputable financial institution of high credit standing.

Fair value of other financial assets
The carrying value of other financial assets approximate their fair value.

(8) Inventories

Non-current:	31 March 2024 US$'000	31 December 2022 US$'000
Stockpile	**955**	-
Current:		
Concentrate*	**1,003**	790
Consumables	**4,772**	2,483
Total	**6,730**	**3,273**

* Phosphate rock produced by Kropz Elandsfontein.

Inventories classified as 'non-current assets' relate to the phosphate stockpiles. The Company is in process of analysing and testing the various ore types being stockpiled to identify and refine the appropriate method of mining and processing to drive efficiencies. The stockpile ore is unlikely to be processed within the next 12 months and has therefore been classified as non-current.

(9) Trade and other receivables

	31 March 2024 US$'000	31 December 2022 US$'000
Trade receivables	**4,293**	-
Prepayments and accrued income	**170**	209
Deposits	**40**	41
VAT	**1,890**	1,294
Other receivables	**332**	313
Forward exchange contract	**188**	-
Total	**6,913**	**1,857**

Credit quality of trade and other receivables
The credit quality of trade and other receivables are considered recoverable due to management's assessment of debtors' ability to repay the outstanding amount.

Credit risk
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Trade and other receivables past due but not impaired
None of the trade and other receivables were past due at the end of the reporting dates.

Trade and other receivables impaired
None of the trade and other receivables were considered impaired. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant.

Fair value of trade and other receivables
The carrying value of trade and other receivables approximate their fair value.

Expected credit losses
There are no current receivable balances lifetime expected credit losses in the current period.

(10) Cash and cash equivalents

	31 March 2024 US$'000	31 December 2022 US$'000
Bank balances	**968**	2,120
Total	**968**	**2,120**

Credit quality of cash at bank and short-term deposits
The Group only deposits cash and cash equivalents with reputable banks with good credit ratings.

Fair value of cash at bank
Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate the fair value.

(11) Share capital

Each shareholder has the right to one vote per ordinary share in general meeting. Any distributable profit remaining after payment of distributions is available for distribution to the shareholders of the Company in equal amounts per share. Shares were issued as set out below:

	Number of shares	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Total US$'000
At 1 January 2022	**909,571,975**	**1,194**	**193,524**	**(20,523)**	**174,195**
Share options exercised	6,700,000	9	-	-	**9**
Shares issued in settlement of guarantee fees	3,971,712	4	307	-	**311**
Convertible loan – issue of shares	3,474,536	5	232	-	**237**
As at 31 December 2022	**923,718,223**	**1,212**	**194,063**	**(20,523)**	**174,752**
Convertible loan – issue of shares	**-**	**-**	**-**	**-**	**-**
At 31 March 2024	**923,718,223**	**1,212**	**194,063**	**(20,523)**	**174,752**

Issue of share capital in the period ended 31 March 2024:
The were no changes to the issued share capital of the Company between 1 January 2023 and 31 March 2024.

Subsequent to the period-end, the Company will issue 643,873,018 new Ordinary Shares and the Company's issued share capital will then be 1,567,591,241 Ordinary Shares.

Convertible loan facility

Please refer to Note 13.

Share based payment arrangements

Employee Share Option Plan and Long-Term Incentive Plan

As more fully described in the Directors' Report, the Company operates an ownership-based scheme for executives and senior employees of the Group. In accordance with the provisions of the plans, executives and senior employees may be granted options to purchase parcels of ordinary shares at an exercise price determined by the Board based on a recommendation by the Remuneration Committee.

The following plans have been adopted by the Company:

- an executive share option plan used to grant awards on Admission of the Company to AIM and following Admission (the "ESOP Awards") – a performance and service-related plan pursuant to which nominal-cost options can be granted; and

- an executive long-term incentive plan (the "LTIP Awards") – a performance and service-related plan pursuant to which conditional share awards, nominal-cost options and market value options can be granted, (together, the ''Incentive Plans'').

An option-holder has no voting or dividend rights in the Company before the exercise of a share option.

ESOP Awards

ESOP Awards were issued at the time of the Admission of the Company's shares to the AIM market of the London Stock Exchange in November 2018.

The ESOP Awards will vest as to performance as follows:

- 20% of the award shall vest for growth in share price of 100% from the Admission placing price (40 pence);
- a further 20% of the award shall vest for growth in share price of 250% from the Admission placing price;
- a further 30% of the award shall vest for growth in share price of 350% from the Admission placing price; and
- a further 30% of the award shall vest for growth in share price of 500% from the Admission placing price.

The value of the options was calculated by way of a Monte Carlo Simulation using the following assumptions.

ESOP Award assumptions at issue date	
Share price	GBP 0.40
Exercise price	GBP 0.40
Expected volatility	40%
Expected dividends	0%
Risk-free interest rate	2.1%
Option life	10 years

The expected volatility is based on the historic volatility. Options are stated in UK Pounds Sterling as the Company is listed on the AIM market of the London Stock Exchange.

As announced on 20 July 2022, Mark Summers expressed his intention to leave the Company and he resigned as Chief Executive Officer ("CEO") and Executive Director of the Company in January 2023 and the 3,362,609 ESOP options awarded to him lapsed and expired. Michelle Lawrence resigned on 31 December 2022 and the 1,465,137 ESOP options awarded to her lapsed and expired on that date. There were therefore nil ESOP options remaining at 31 March 2024.

LTIP Awards

A total of 6,700,000 LTIP Awards were issued to a Director and senior management in August 2020 which were fully exercised in January 2022.

In July 2021, 7,800,000 LTIP Awards were awarded to key members of the executive management team, including certain Persons Discharging Managerial Responsibilities ("PDMRs"). Of this total, 4,800,000 lapsed in December 2022. No further LTIP Awards were made in the period ended 31 March 2024 and none of these LTIP Awards were exercised or lapsed in this period. Accordingly, 3,000,000 Awards remained outstanding as at 31 March 2024. These LTIP Awards vest on or before 31 December 2024, subject to the terms of the LTIP Plan Rules, including financial and non-financial performance conditions.

These performance conditions are aligned to implementing the Company's strategic plans, including appropriate weightings on the successful commissioning and ramp-up of the

Elandsfontein project, completion of the development plan, fund raising and construction of the Hinda project.

The LTIP Awards are £0.001 priced options over a total of 3,000,000 ordinary shares and represent 0.23% of the Company's issued share capital as at 31 March 2024.

Participants of the LTIP Awards need to remain employed by Kropz in order to exercise awards.

The Remuneration Committee will determine whether the performance conditions have been met and to the extent performance conditions have not been achieved on or before the fifth anniversary of the date of grant.

LTIP Awards were valued using a Monte Carlo simulation model and are to be expensed over the respective vesting periods, being 17 months for LTIP Awards.

The value of the options was calculated by using the Black-Scholes model, using the following assumptions.

LTIP Award assumptions at issue date	
Share price	GBP 0.055
Exercise price	GBP 0.001
Expected volatility	30%
Expected dividends	0%
Risk-free interest rate	1.3%
Option life	7 years

Equity warrants

As part of the equity facility and fundraising in August 2020 the Company granted 121,837 warrants over the ordinary shares of 0.1 pence each in the Company, exercisable at 6.75 pence per Ordinary Share for a period of two years from issue. As they had not been exercised, these options lapsed during the 2022 financial year and no equity warrants remain in place.

(12) Reserves

Nature and purpose of reserves

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the assets, liabilities and equity of the entities included in these consolidated financial statements from their functional currencies to the presentational currency. A decrease in the reserve of US$ 937,000 (2022: US$ 3,388,000) was recorded due to changes in the foreign currencies used to translate assets, liabilities and equity at consolidation.

Share premium

The share premium account represents the amount received on the issue of ordinary shares by the Company, other than those recognised in the merger reserve described below, in excess of their nominal value and is non-distributable.

Merger reserve

The merger reserve represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value on acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies. The merger reserve consists of the merger relief on the issue of shares to acquire Kropz SA on 27 November 2018 and Cominco Resources on 30 November 2018. The merger reserve also includes differences between the book value of assets and liabilities acquired and the consideration for the business acquired under common control.

Share-based payment reserve
The share-based payment reserve arises from the requirement to value share options and warrants in existence at fair value (see Note 11).

(13) Shareholder loans and derivative

	31 March 2024 US$'000	31 December 2022 US$'000
Shareholder loans - ARC	**18,826**	17,010
Demand Loan Facility – ARC	**41,745**	-
Convertible debt - ARC	**27,387**	15,055
Derivative liability (refer to Note 30)	**6,476**	23,037
	94,434	**55,102**
Maturity		
Non-current	**-**	55,102
Current	**94,434**	-
	94,434	**55,102**

Shareholders loans - ARC
The loans are: (i) US$ denominated, but any repayments will be made in ZAR at the then prevailing ZAR/US$ exchange rate; (ii) carry interest at monthly US LIBOR plus 3%; and (iii) are repayable by no later than 1 January 2035 (or such earlier date as agreed between the parties to the shareholder agreements).

Demand Loan facility - ARC Fund
The loans are unsecured, repayable on demand, and interest accruing at SA prime overdraft rate plus 6%, if not repaid within 6 months from first utilisation date rate increases by 2%. ARC have no intention to call any outstanding loans over the next 12 months for cash repayment.

Convertible debt - ARC
On 20 October 2021, the Company entered into a new convertible equity facility of up to ZAR 200 million ("ZAR 200 Million Equity Facility") with ARC, the Company's major shareholder. Interest is payable at 14% nominal, compounded monthly. At any time during the term of the ZAR 200 Million Equity Facility, repayment of the ZAR 200 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into ordinary shares of 0.1 pence each ("Ordinary Shares") in the Company and issued to ARC, at a conversion price of 4.5058 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price ("VWAP") on 21 September 2021, and at fixed exchange rate of GBP 1 = ZAR 20.24 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 200 Million Equity Facility which is 27 October 2026. The Company made a drawdown of ZAR 90 million of the ZAR 200 Million Equity Facility on 26 October 2021 and a further ZAR 37 million on 9 December 2021. Two further draw downs were made in 2022, one on 25 March 2022 for ZAR 40 million and ZAR 33 million on 26 April 2022. The ZAR 200 Million Equity Facility is fully drawn at the date of this report.

As announced on 11 May 2022, the Company entered into a new conditional convertible equity facility of up to ZAR 177 million ("ZAR 177 Million Equity Facility") with ARC. Interest is payable at 14% nominal, compounded monthly. At any time during the term of the ZAR 177 Million Equity Facility, repayment of the ZAR 177 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into Ordinary Shares in the Company and issued to ARC, at a conversion price of 9.256 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price ("VWAP") on 4 May 2022, and at fixed exchange rate of ZAR 1 = GBP 0.0504 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 177 Million Equity Facility which is 2 June 2027. The first drawdown on the ZAR 177 Million Equity Facility occurred on 2 June 2022 for ZAR 103.5 million. The second drawdown on the ZAR 177 Million Equity Facility was made on 7 July 2022 for ZAR 60 million. On 9 August 2022, a final drawdown on the ZAR 177 Million Equity Facility was made for ZAR 13.5 million. The ZAR 177 Million Equity Facility is fully drawn at the date of this report.

As announced on 14 November 2022, the Company entered into a new conditional convertible equity facility of up to ZAR 550 million ("ZAR 550 Million Equity Facility") with ARC. Interest is payable at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly. At any time during the term of the ZAR 550 Million Equity Facility, repayment of the ZAR 550 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into Ordinary Shares in the Company and issued to ARC, at a conversion price of 4.579 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price ("VWAP") on 21 October 2022 and at fixed exchange rate of ZAR 1 = GBP 0.048824 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 550 Million Equity Facility which is 30 November 2027. The Company drew down a further ZAR 107.5 million during the 15-month period and was fully drawn as at 31 March 2024.

Derivative liability
It was determined that the conversion option embedded in the convertible debt equity facility be accounted for separately as a derivative liability. Although the amount to be settled is fixed in ZAR, when converted back to Kropz's functional currency will result in a variable amount of cash based on the exchange rate at the date of conversion. The value of the liability component and the derivative conversion component were determined at the date of draw down using a Monte Carlo simulation. The debt host liability was bifurcated based on the determined value of the option. Subsequently, the embedded derivative liability is adjusted to reflect fair value at each period end with changes in fair value recorded in profit and loss (refer to Note 30).

Fair value of shareholder loans
The carrying value of the loans approximates their fair value.

(14) Finance lease liabilities

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
In respect of right-of-use assets		
Balance brought forward	**-**	7
Repayments during the period	**-**	(6)
Foreign exchange differences	**-**	(1)
Lease liabilities at end of period	**-**	**-**
Maturity		
Current	**-**	-
Non-current	**-**	-
Total lease liabilities	**-**	**-**

(15) Other financial liabilities

	31 March 2024 US$'000	31 December 2022 US$'000
BNP	**11,262**	26,298
Greenheart Foundation	**460**	510
Total	**11,722**	**26,808**
Maturity		
Non-current	**-**	-
Current	**11,722**	26,808
Total	**11,722**	**26,808**

BNP
A US$ 30,000,000 facility was made available by BNP Paribas to Kropz Elandsfontein in September 2016.

In May 2020, Kropz Elandsfontein and BNP Paribas agreed to amend and restate the term loan facility agreement entered into on or about 13 September 2016 (as amended from time to time). The BNP Paribas facility amendment agreement extends inter alia the final capital repayment date to Q3 2024, with eight equal capital repayments to commence in Q4 2022 and an interest rate of 6.5% plus US LIBOR, up to project completion and 4.5% plus US LIBOR thereafter.

BNP Paribas has an extensive security package over all the assets of Kropz Elandsfontein and Elandsfontein Land Holdings as well as the share investments in those respective companies owned by Kropz SA.

The BNP loan is subject to covenant clauses. Kropz Elandsfontein did not reach project completion as stipulated in the agreement to be 31 December 2022 and failed to fund the Debt Service Reserve Account, however BNP Paribas has provided, a waiver to 30 September 2024. The outstanding balance is therefore presented as a current liability as at 31 March 2024. However, the latest waiver expiry date coincides with the final payment date.

Greenheart Foundation
A loan has been made to the Group by Greenheart Foundation which is interest-free and repayable on demand. Louis Loubser, a Director of Kropz plc, is a Director of Greenheart Foundation.

Fair value of other financial liabilities
The carrying value of the loans approximate their fair value.

(16) Provisions

Reconciliation of provisions – Period ended 31 March 2024

	Opening Balance US$'000	Additions/ Adjustments US$'000	Foreign exchange gains US$'000	Closing balance US$'000
Provision for dismantling costs	**973**	**(614)**	**(84)**	**275**
Provisions for rehabilitation	**1,724**	**(462)**	**(162)**	**1,100**
Total	**2,697**	**(1,076)**	**(246)**	**1,375**

Reconciliation of provisions – Year ended 31 December 2022

	Opening Balance US$'000	Additions/ Adjustments US$'000	Foreign exchange gain US$'000	Closing balance US$'000
Provision for dismantling costs	2,241	(1,367)	99	973
Provisions for rehabilitation	1,792	(185)	117	1,724
Total	**4,033**	**(1,552)**	**216**	**2,697**

Dismantling and rehabilitation provisions
Prior to 2015, financial provisioning and rehabilitation were governed by the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) ("MPRDA") and the National Environmental Management Act, 1998 (Act No. 107 of 1998) ("NEMA"). As such the previous financial provisioning was based on the quantum of the financial provision under regulations 53 and 54 of the MPRDA and the guideline document published by the Department of Mineral Resources (now "Department of Mineral Resources and Energy") (DMR 2005 Guideline Document for the Evaluation of the Quantum of Closure-Related Financial Provision Provided by a Mine) and assessed according to the guideline.

The Kropz Elandsfontein Mine was placed on Care and Maintenance Phase from August 2017 to September 2020 due to flaws in the design of the production process. This was followed by an Optimisation Phase from September 2020 to September 2021 which related to plant modifications to meet optimal operational requirements to allow the mine to go into production. At this time, Kropz Elandsfontein updated their EMPr to include the optimisation phase. As such the DMRE issued updated conditions, which stated that the holder of the EMPr must annually assess the environmental liabilities of the operation by using the master rates in line with the applicable Consumer Price Index ("CPI") at the time and address the shortfall on the financial provision submitted in terms of section 24P of NEMA. To comply with the requirements, Kropz Elandsfontein commissioned Braaf Environmental Practitioners SA (Pty) Ltd to update the provision in 2021, which was done under the 2015 Regulations (GNR 1147) and approved by the DMRE.

Kropz Elandsfontein commissioned Braaf Environmental Practitioners SA (Pty) Ltd to update the provision the 2024 provision and was done in accordance to Section 41(3) of the MPRDA, the DMRE, as well as Regulations 53 and 54 promulgated in terms of the MPRDA, requires the holder of a prospecting right, mining right or mining permit to annually assess his or her environmental liability and increase his or her financial provision to the satisfaction of the Minister.

The expected timing of any outflows of these provisions will be on the closure of the respective mines. Estimates are based on costs that are reviewed regularly and adjusted as appropriate for new circumstances. Future cash flows are appropriately discounted. A discount rate of 15.26% (2022: 5.52%) was used.

(17) Trade and other payables

	31 March 2024 US$'000	**31 December 2022 US$'000**
Trade payables	**9,149**	6,605
Other payables	**133**	10
Accruals	**234**	669
Total	**9,516**	**7,284**

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with their carrying value approximating their fair value.

(18) Directors' remuneration, interests and transactions

The Directors of the Company and the two executives of Kropz Elandsfontein and Cominco Resources are considered to be the Key Management Personnel ("KMP") of the Group. Details of the Directors' remuneration, Key Management Personnel remuneration which totalled US$ 1,074,489 (2022: US$ 747,329) (including notional option cost and social security contributions) and Directors' interests in the share capital of the Company are disclosed in the Directors' Report on page 33. Amounts reflected relate to short-term employee benefits and were converted to US$ at the 31 March 2024 GBP exchange rate of 0.801 and ZAR exchange rate of ZAR 18.538.

The highest paid Director in the period received remuneration, excluding notional gains on share options, of US$ 372,567 (2022: US$ 330,340). Refer to page 33 to 34 for further details.

(19) Revenue

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Phosphate concentrate	**40,087**	-
Total	**40,087**	**-**
Timing of transfer of Goods		
Delivery to port of departure	**40,087**	-
Total	**40,087**	**-**

All revenue from phosphate concentrate is trial revenue. Revenue from phosphate is recognised at a point in time when control transfers.

(20) Cost of sales

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Production costs	**23,645**	-
Fuel and diesel	**6,470**	-
Electricity	**5,415**	-
Consumables and spares	**10,592**	-
Wages and salaries	**1,026**	**-**
Total	**47,148**	**-**

(21) Finance income

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Interest income	**265**	136
Total	**265**	**136**

(22) Operating expenses

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Fair value loss / (gain) on game animals	**(74)**	22
Selling and distribution expenses	**5,309**	-
Amortisation of right of use asset	**-**	5
Depreciation of property, plant and machinery	**912**	821
Employee costs (excluding share option cost)	**775**	1,133
Share option (credit) / cost	**6**	(222)
Electricity and water – mine operations	**434**	928
Mining costs*	**-**	54
Plant operating costs and recoveries	**318**	216
Professional and other services	**1,275**	667
Auditor's remuneration in respect of audit of the Group and parent	**104**	136
Auditor's remuneration in respect of audit of the Cominco Group	**64**	52
Component auditor's remuneration in respect of audit of South African controlled entities	**79**	71
Other expenses	**1,443**	1,925
Total	**10,645**	**5,808**

(23) Staff costs

	Period ended 31 March 2024 No.	Year ended 31 December 2022 No.
The average monthly number of employees was:		
Operations	**12**	10
Finance and administration	**8**	6
Management	**3**	3
	23	**19**

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Aggregate remuneration (including Directors):		
Wages and salaries (including bonuses)	**1,708**	1,003
Social security costs	**88**	127
Share-based payments (credit) / cost	**6**	(222)
Pension costs	**5**	3
	1,807	**911**

(24) Finance expense

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Shareholder loans	**15,350**	3,407
Foreign exchange losses	**3,634**	3,550
Bank debt	**2,705**	2,576
BNP – debt modification present value adjustment amortisation	**(257)**	(233)
BNP amendment fee amortisation	**226**	205
Other	**208**	307
Total	**21,866**	**9,812**

(25) Impairment reversal/losses

As a result of the recoverable amount analysis performed at the period end, the following impairment reversal / (loss) was recognised:

	31 March 2024 US$'000	31 December 2022 US$'000
Mine property	18,525	(91,650)
Inventory	508	(1,011)
	19,033	(92,661)

The impairment reversal / (loss) was recognised in relation to the Elandsfontein mine. The triggers for the impairment test in the period were primarily due to the results from the updated MRE increasing in the measured and indicated resource. The recoverable amount of the Elandsfontein mine was based on management's estimate of FVLCD and is estimated based on discounted future cash flows expected to be generated from the continued use of the CGU using market-based commodity prices and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements and latest life of mine (LOM) plans following the updated MRE as announced on 20 June 2024. The impairment test only considered the section of the mineral resource classified as measured and indicated. The inferred resource classification was disregarded for impairment testing purposes.

Key assumptions

The determination of FVLCD is most sensitive to the following assumptions:

- Phosphate rock prices;
- Phosphate recoveries;
- Foreign exchange rates;
- Operating costs.

Phosphate rock prices: Forecast phosphate rock prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand in a changing environment, particularly with respect to climate risk, building on past experience of the industry and consistent with external sources. These prices are reviewed semi-annually. Estimated long–term phosphate rock prices for the current period that have been used to estimate future revenues, are as follows:

Assumptions	2025	2026	Long term (2027+)
Phosphate rock per tonne	$130	$145	$150

Phosphate recoveries: The production volumes incorporated into the cash flow model were 4.9 million tonnes of phosphate rock. Estimated production volumes are based on detailed life-of-mine plans, of the measured and indicated resourced as defined in the MRE and take into account development plans for the mine agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted.

Exchange rates: Foreign exchange rates are estimated with reference to external market forecasts. The assumed long-term US dollar/ZAR exchange rate are based on a consensus for the period to year 2028. Future years' exchange rates were estimated using the prevailing inflation and interest rate differential between USD and ZAR.

Operating cost: Operating costs are estimated with reference to contractual and actual current cost and adjusted for inflation.

Discount rates: A discount rate of 14.05% was applied to the discounted cash flows used in the LOM plan. This discount rate is derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service and the expected cost of any incremental debt

Sensitivity analysis
The following table summarises the potential impact of changes in the key estimates and assumptions on the quantum of impairment (assessed independently of each other):

		Reversal of / (increase in) impairment US$ million
Impact if discount rate	Increased by 2%	**(7.6)**
	reduced by 2%	**8.5**
Impact if selling prices	increased by 10%	**43.5**
	reduced by 10%	**-43.5**
Impact if production tonnes	increased by 10%	**26.68**
	reduced by 10%	**(29.68)**
Impact if foreign exchange rates	increased by 10%	**6.2**
	reduced by 10%	**(6.5)**
Impact if operating costs:	increased by 10%	**(35.0)**
	reduced by 10%	**35.0**

(26) Taxation

Major components of tax charge	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Deferred		
Originating and reversing temporary differences	**-**	-
Current tax		
Local income tax	**(27)**	(602)
Total	**(27)**	**(602)**

The tax charge arose predominantly due to the devaluation of GBP against US$ and the recorded unrealised foreign exchange gains being taxable in the UK.

Reconciliation of tax charge

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Profit/(Loss) before tax	**370**	**(97,222)**
Applicable UK tax rate	**23.8%**	19%
Tax at applicable tax rate	**88**	(18,472)
Adjustments for different tax rates in the Group	**(1,798)**	(12,031)
Disallowable expenditure	**(3,493)**	23,744
Losses carried forward not recognised	**5,230**	7,361
Tax charge	**27**	**602**

The movement in tax liabilities is summarised below:

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Balance brought forward	**597**	-
Current period charge	**27**	602
Interest	**-**	6
Tax paid	**-**	-
Foreign exchange differences	**26**	(11)
Balance carried forward	**650**	**597**

The Group had losses for tax purposes of approximately US$ 74.5 million as at 31 March 2024 (2022: US$ 57.5 million) which, subject to agreement with taxation authorities, are available to carry forward against future profits. They can be carried forward indefinitely.

A net deferred tax asset of approximately US$ 15.1 million (2022: US$ 16.1 million), after set off of accelerated depreciation allowances in respect of fixed assets of US$ 38.3 million (2022: US$ 41.1 million), arises in respect of these losses. It has not been recognised as steady state production has not been reached. The deferred tax asset and deferred tax liability relate to income tax in the same jurisdiction and the law permits set off.

(27) Earnings per share

The calculations of basic and diluted loss per share have been based on the following profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

	Period ended 31 March 2024 US$'000	**Year ended 31 December 2022 US$'000**
Profit/(Loss) attributable to ordinary shareholders	**8,866**	**(66,639)**
Weighted average number of ordinary shares used in basic loss per share	926,718,223	921,908,785
Share options and warrants	-	-
Weighted average number of ordinary shares used in diluted loss per share	926,718,223	921,908,785
Basic and diluted profit / (loss) per share (US$ cents)	**0.96**	(7.23)

(28) Notes to the statement of cash flows

Issue of shares

Period ended 31 March 2024

	Non-cash consideration US$'000	**Cash consideration US$'000**	**Total US$'000**
As at 31 March 2024	**-**	**-**	**-**

Year ended 31 December 2022

	Non-cash consideration US$'000	**Cash consideration US$'000**	**Total US$'000**
Share options exercised	-	9	**9**
Shares issued in settlement of guarantee fees	-	311	**311**
Equity facility – issue of shares	-	237	**237**
As at 31 December 2022	**-**	**557**	**557**

Net debt reconciliation

Period ended 31 March 2024

	Opening Balance US$'000	Accrued interest US$'000	Fair value movements US$'000	Cash movements US$'000	Non-Cash movements US$'000	Foreign exchange gain/(loss) US$'000	Closing balance US$'000
Other financial assets	**-**	**(11)**	**-**	**766**	**0**	**(88)**	**1,527**
Shareholder loan payable and derivative	**(55,102)**	**(15,351)**	**20,601**	**(46,614)**	**-**	**2,032**	**(94,434)**
Other financial liabilities	**(26,808)**	**-**	**-**	**14,970**	**31**	**85**	**(11,722)**
Total	**(81,050)**	**(15,361)**	**20,601**	**(30,878)**	**31**	**2,029**	**(104,629)**

Year ended 31 December 2022

	Opening Balance US$'000	Accrued interest US$'000	Fair value movements US$'000	Cash movements US$'000	Non-Cash movements US$'000	Foreign exchange gain/(loss) US$'000	Closing balance US$'000
Other financial assets	1,357	-	-	(427)	-	(70)	**860**
Shareholder loan payable and derivative	(25,043)	(3,791)	8,671	(38,727)	-	1,135	**(57,755)**
Other financial liabilities	(30,586)	28	-	3,712	-	(38)	**(26,808)**
Finance leases	(7)	-	-	6	-	1	**-**
Total	**(54,279)**	**(3,763)**	**8,671**	**(35,436)**	**-**	**1,028**	**(83,703)**

Reconciliation of working capital items:

Period ended 31 March 2024

	Opening Balance US$'000	Cash movements US$'000	Capital allocated US$'000	Foreign exchange gain/(loss) US$'000	Closing balance US$'000
Trade and other receivables	**1,857**	**5,191**	**-**	**(135)**	**6,913**
Inventories	**3,273**	**3,431**	**-**	**26**	**6,730**
Trade and other payables	**(7,284)**	**(3,811)**	**-**	**1,579**	**(9,516)**
Total	**(2,154)**	**4,811**	**-**	**1,470**	**4,127**

Year ended 31 December 2022

	Opening Balance US$'000	Cash movements US$'000	Capital allocated US$'000	Foreign exchange gain/(loss) US$'000	Closing balance US$'000
Trade and other receivables	1,511	471	-	(125)	1,857
Inventories	1,025	3,453	-	(197)	4,281
Trade and other payables	(3,543)	172	(4,588)	675	(7,284)
Total	**(1,007)**	**4,096**	**(4,588)**	**353**	**(1,146)**

(29) Related parties

Kropz plc and its subsidiaries

The following parties are related to Kropz plc:

Name	Relationship
Mark Summers	Director
Louis Loubser	Director
Mike Nunn	Director
Linda Beal	Director
Mike Daigle	Director
Lord Robin William Renwick	Director
Gerrit Jacobus Duminy	Director
Kropz SA (Pty) Ltd	Subsidiary
Elandsfontein Land Holdings (Pty) Ltd ("ELH")	Subsidiary
Kropz Elandsfontein (Pty) Ltd	Subsidiary
West Coast Fertilisers (Pty) Ltd	Subsidiary
Xsando (Pty) Ltd	Subsidiary
Cominco Resources Limited	Subsidiary
Cominco S.A.	Subsidiary
Cominco Resources (UK) Ltd	Subsidiary
Kropz International	Shareholder
The ARC Fund ("ARC")	Shareholder

Details of remuneration to KMP are contained in Note 18 to the Consolidated Financial Statements.

The Consolidated Financial Statements, the following transactions were carried out with related parties:

Related party balances
Loan accounts – owed to related parties

	31 March 2024 US$'000	31 December 2022 US$'000
Shareholder loans - ARC	**18,826**	17,010
Demand Loan Facility – ARC	**41,745**	-
Convertible debt - ARC	**27,387**	15,055
Derivative liability (refer Note 13)	**6,476**	23,037
Greenheart Foundation (refer Note 15)	**460**	510
Total	**94,894**	**55,612**

Related party balances
Interest accrued to related parties

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
ARC	**15,528**	3,407
Total	**15,528**	**3,407**

Convertible loan facilities

As described in Note 11 and 13, the Company made drawdowns totalling US$ 43.6 million (2022: US$ 39.2 million) under its convertible loan facilities from ARC.

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions only when such terms can be substantiated.

(30) Categories of financial instrument

Financial assets and liabilities by category
The accounting policies for financial instruments have been applied to the line items below:

	31 March 2024 US$'000	31 December 2022 US$'000
Financial assets at amortised cost		
Trade and other receivables	**5,023**	563
Other financial assets	**1,527**	860
Cash and cash equivalents	**968**	2,120
Total	**7,518**	**3,543**
Financial liabilities at amortised cost		
Trade and other payables	**9,515**	7,284
Shareholder loans	**87,958**	32,065
Other financial liabilities	**11,722**	26,808
Total	**109,195**	**66,157**
Financial liabilities at fair value		
Derivative liability	**6,476**	**23,037**

Recognised fair value measurements
The net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to the Consolidated Statement of Financial Position.

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments.

(i) Financial instruments Measured at Fair Value
The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. At the reporting date, the Group had a convertible loan facility with ARC. The ZAR amount of the facility is convertible into ordinary shares of the parent entity (Note 13).

(ii) Fair value hierarchy
The fair value hierarchy consists of the following levels
- Quoted prices in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset and liability that are not based on observable market date (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2024				
Derivative liability	**-**	**-**	**6,476**	**6,476**
2022				
Derivative liability	-	-	23,037	**23,037**

There were no transfers between levels for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(iii) Reconciliation: Level 3 fair value measurement

	Period ended 31 March 2024 US$'000	Year ended 31 December 2022 US$'000
Derivative liability		
Opening balance	**(23,037)**	(2,656)
Fair value at initial recognition	**(3,235)**	(31,852)
Fair value gain/(loss) recognised in profit and loss	**20,601**	10,807
Foreign exchange	**(805)**	664
Closing balance	**(6,476)**	**(23,037)**

(iv) Valuation technique used to determine fair value
Derivative liability:
The fair value is calculated with reference to market rates using industry valuation techniques and appropriate models from a third-party provider. The Monte-Carlo model utilised includes a high level of complexity and the main inputs are share price volatility, risk margin, foreign exchange volatility and UK risk-free rate. A number of factors are considered in determining these inputs, including assessing historical experience but also considering future expectations. The determined fair value of the option is multiplied by the number of shares available for issue pursuant to the ZAR 200 Million Equity Facility, ZAR 177 Million Equity Facility and the ZAR 550 Million Equity Facility (refer to Note 13).

Valuation results (as at 31 March 2024)

Facility	Total loan amount (ZAR)	Value per share (p)	Number of Shares	Total Value (GBP)
ZAR200m facility	200,000,000	0.41	219,272,939	898,952
ZAR177m facility	177,000,000	0.29	96,378,567	277,317
ZAR550m facility	550,000,000	0.67	586,442,458	3,953,437
Total			**902,093,964**	**5,129,706**

Sensitivity Valuation results (as at 31 March 2024) - Volatility

Facility	Base volatility assumption	Total Value (GBP) - Base assumption	Total Value (GBP) - 75% historical volatility (65%)
ZAR200m facility	86.06%	898,952	342,399
ZAR177m facility	86.06%	277,317	71,099
ZAR550m facility	86.06%	3,953,437	1,700,255
Total		**5,129,706**	**2,113,753**

Sensitivity Valuation results (as at 31 March 2024) - Risk Margin

Facility	Base risk margin assumption	Total Value (GBP) - 7% risk margin	Total Value (GBP) - 3% risk margin
ZAR200m facility	5%	901,200	896,584
ZAR177m facility	5%	278,116	276,472
ZAR550m facility	5%	3,970,547	3,935,272
Total		**5,149,863**	**5,108,328**

Sensitivity Valuation results (as at 31 March 2022) - FX volatility

Facility	Base FX volatility	Total Value (GBP) - 20% FX volatility	Total Value (GBP) - 10% FX volatility
ZAR200m facility	13.78%	785,902	969,697
ZAR177m facility	13.78%	230,609	306,900
ZAR550m facility	13.78%	3,508,506	4,232,886
Total		**4,525,017**	**5,509,483**

Sensitivity Valuation results (as at 31 March 2024) - UK risk-free rate

Facility	Base UK risk-free rate	Total Value (GBP) - UK rf + 2%	Total Value (GBP) - UK rf -2%
ZAR200m facility	3.6%	856,285	943,716
ZAR177m facility	3.6%	260,625	295,080
zAR550m facility	3.6%	3,696,977	4,227,654
Total		**4,813,888**	**5,466,450**

(31) Financial risk management objectives

Capital risk management:
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of shareholder and external debt, which includes loans and borrowings (excluding derivative financial liabilities) disclosed in Notes 13 and 15 and equity as disclosed in the Statement of Financial Position.

Shareholder and external third-party loans from foreign entities to South African companies are subject to the foreign exchange controls as imposed by the South African Reserve Bank ("SARB"). All inward loans into South Africa require approval by the SARB and all loans in the current capital structure have been approved by the SARB and all entities in the Group are compliant with the SARB approvals relevant to the entity concerned and the approvals granted by the SARB.

Liquidity risk:
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of obligations associated with financial liabilities of the Group and the availability of funds to meet those obligations. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one year US$'000	Between one and two years US$'000	Between two and five years US$'000	Over five years US$'000
At 31 March 2024				
Shareholder loans payable	**106,052**	**-**	**97,630**	**-**
Trade and other payables	**9,515**	**-**	**-**	**-**
Other financial liabilities	**11,940**	**-**	**-**	**-**
Total	**127,507**	**-**	**97,630**	**-**

	Less than one year US$'000	Between one and two years US$'000	Between two and five years US$'000	Over five years US$'000
At 31 December 2022				
Shareholder loans payable	-	-	152,099	-
Trade and other payables	7,283	-	-	-
Finance leases	-	-	-	-
Other financial liabilities	17,233	11,747	-	-
Total	**24,516**	**11,747**	**152,099**	**-**

Credit risk:
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets include trade and other receivables, loans receivable, other financial assets and cash and cash equivalents.

Ongoing credit evaluation is performed on the financial conditions of the counterparties to the trade and other receivables, loans receivable and other financial assets. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Interest rate risk:
As the Group has significant interest-bearing assets, the Group's income and operating cash flows are substantially dependent on changes in market interest rates. At 31 March 2024, if interest rates on the shareholder and BNP loans (denominated in US$) had been 1% higher/lower with all other variables held constant, post-tax profit and equity for the period would have been approximately US$ 234,000 (2022: US$ 769,000) higher/lower respectively.

Foreign currency risk:
Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in

foreign exchange rates relates primarily to the Group's financing activities (when financial liabilities and cash are denominated other than in a company's functional currency).

Most of the Group's transactions are carried out in South African Rand. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies.

The Group's net exposure to foreign exchange risk was as follows:

	Functional currency		
As at 31 March 2024	**South African Rand US$'000**	**British Pound US$'000**	**Total US$'000**
Financial liabilities denominated in US$	**(30,076)**	**-**	**(30,076)**
Net foreign currency exposure	**(30,076)**	**-**	**(30,076)**

	Functional currency		
As at 31 December 2022	**South African Rand US$'000**	**British Pound US$'000**	**Total US$'000**
Financial assets denominated in US$	-	28	**28**
Financial liabilities denominated in US$	(43,260)	-	**(43,260)**
Net foreign currency exposure	**(43,260)**	**28**	**(43,232)**

Foreign currency sensitivity analysis:
The following tables demonstrate the sensitivity to a reasonably possible change in South African Rand and GBP exchange rates, with all other variables held constant.

The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

A 10% movement in the Rand and Pound against the US Dollar would increase/(decrease) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	As at 31 March 2024 Increase/ (Decrease) US$'000	**As at 31 December 2022 Increase/ (Decrease) US$'000**
Effects on net assets Rand:		
- strengthened by 10%	**(3,341)**	**(5,832)**
- weakened by 10%	**3,341**	**5,832**
Effects on net assets GBP:		
- strengthened by 10%	**(1,353)**	**(1,296)**
- weakened by 10%	**1,353**	**1,296**

(32) Segment information

Operating segments

The Board of Directors consider that the Group has one operating segment, being that of phosphate mining and exploration. Accordingly, all revenues, operating results, assets and liabilities are allocated to this activity.

Geographical segments

The Group operates in two principal geographical areas – South Africa and the RoC.

The Group's revenues and non-current assets by location of assets are detailed below.

31 March 2024	**Revenues US$'000**	**Non-Current Assets US$'000**
South Africa	**40,087**	**87,685**
Republic of Congo	**-**	**43,380**
	40,087	**131,065**

31 December 2022	**Revenues US$'000**	**Non-Current Assets US$'000**
	-	
South Africa	**-**	69,795
Republic of Congo	**-**	42,415
	-	**112,240**

(33) Non-controlling interests

	31 March 2024 US$'000	31 December 2022 US$'000
As at beginning of period	**(19,854)**	5,778
Share of losses for the period	**(8,523)**	(31,185)
Share of other comprehensive income	**592**	142
Kropz plc's investment in non-redeemable preference shares of Kropz Elandsfontein attributable to non-controlling interest	**471**	5,411
As at end of the period	**(27,314)**	**(19,854)**

(34) Material subsequent events

Restructuring and fundraising

The Company has undertaken a fundraising to provide Kropz Elandsfontein (Pty) Ltd ("Kropz Elandsfontein") with additional funds to progress the ramp-up of operations at the Company's Elandsfontein phosphate project in South Africa ("Elandsfontein Project"), further funding to Cominco SA which owns the Hinda project in the Republic of the Congo ("Hinda Project"), financing the remaining repayment of the BNP Facility, partial repayment of accumulated accrued interest on the CLN by Kropz as well as working capital for the Company for general corporate purposes. The fundraising was conducted at an issue price of 1.387 pence per new ordinary share in the Company by way of a conditional subscription with ARC (the "Subscription") and a retail offer ("REX Retail Offer") via the REX platform ("REX Platform") to raise in aggregate £8.9 million, before expenses (together, the "Fundraising").

The REX Retail Offer provided minority shareholders in the Company with the opportunity to participate in the fundraising, on the same economic terms and at the same price as ARC.

ARC agreed to subscribe for a minimum of 515,098,414 new ordinary shares (the "Subscription Shares") and agreed to underwrite, pursuant to an underwriting agreement entered into with the Company, an amount equal to the REX Retail Offer to ensure that the entire amount of the Fundraising would equate to approximately £8.9 million (before expenses). Retail investors subscribed in the REX Retail Offer for a total of 243,118 ordinary shares of 0.1 pence each in the capital of the Company ("Ordinary Shares"). ARC subsequently subscribed for 643,629,900 Subscription Shares. The Restructuring, the issue of the CLNs, the Subscription and the REX Retail Offer were conditional on shareholder approval of certain resolutions passed at a general meeting held on 20 September 2024.

In addition, the Company will concludet a restructuring of the Group's financing arrangements (the "Restructuring"). As part of the restructuring exercise, intercompany debt and certain loans between the Company and its subsidiaries and the ARC Fund ("ARC") will be simplified and new convertible loan notes issued (the "Convertible Loan Notes" or "CLNs").

The Restructuring, the issue of the CLNs, and the Fundraising were also conditional on approval from the South African Reserve Bank ("Exchange Control Approval") under the South African Exchange Control Regulations, 1961.

The resolutions were duly passed at the general meeting and subject to, inter alia, Exchange Control Approval being granted, 643,873,018 new Ordinary Shares in the capital of the Company are to be allotted and issued pursuant to the Fundraising, representing approximately 41 per cent. of the enlarged issued share capital of the Company immediately following completion of the Fundraising.

Details of the Restructuring

The restructuring sought to simplify the intra-group arrangements. In order to achieve this, the Company plans to under takethe following:

- cancel all non-redeemable preference shares between Kropz and its subsidiary, Kropz Elandsfontein. Given the accumulated losses and debt burden in Kropz Elandsfontein, these had no value;
- convert £28.2 million (US$ 37.2 million, ZAR 659.3 million) of debt held by ARC in Kropz Elandsfontein and other South African subsidiaries to equity;
- convert all existing intercompany debt between Kropz Plc, Kropz Elandsfontein, Kropz SA and Elandsfontein Land Holdings to equity; and
- settle £35.1 million (US$ 46.3 million, ZAR 821.3 million) of the debt from Kropz Elandsfontein and other South African subsidiaries to ARC through the issue of new CLNs by Kropz.

These steps will eliminate all the debt accumulated within the subsidiaries and simplify the Group's corporate structure. The Company commissioned an independent third party to produce an independent valuation of both Kropz Elandsfontein and Elandsfontein Land Holdings (Pty) Ltd ("Elandsfontein Land") (together, the "Elandsfontein Subsidiaries") for the purposes of the Restructuring (the "Independent Valuation") to ensure that the restructuring is implemented at arm's length using fair value estimates for the Elandsfontein Subsidiaries.

The Restructuring will result in Kropz's direct and indirect holding moving to 70 per cent. in Kropz Elandsfontein and 66 per cent. in Elandsfontein Land respectively, with ARC having a direct holding in each of the South African subsidiaries, for compliance with the South African Black Economic Empowerment requirements. The Company's ownership of Hinda is not affected by the Restructuring and remains at 100 per cent (the Company's effective interest being 90 per cent., after taking into account the dilutionary interest of the government of the Republic of Congo).

The detailed steps of the above were as follows:

1. Cancellation of non-redeemable preference shares

   The Group cancels all of the non-redeemable preference shares held by Kropz in Kropz Elandsfontein. These are valued at nil and will be fully written down in the accounts of Kropz.

2. Debt for equity swap between Kropz and the Elandsfontein Subsidiaries

   The Elandsfontein Subsidiaries issues new shares to Kropz in proportion to current debt balances owed. The cumulative debt balance owed by the Elandsfontein Subsidiaries to Kropz was £29.2 million (US$ 38.6 million, ZAR 683.7 million).

   Kropz will subscribe for new shares in Kropz Elandsfontein for a total of £28.5 million (US$ 37.7 million, ZAR 667.7 million) and in Elandsfontein Land for a total of £0.7 million (US$0.9 million ZAR 16 million) The subscriptions will be done at a subscription price based on an Independent Valuation of each of the Elandsfontein Subsidiaries. The Elandsfontein Subsidiaries utilise the proceeds from the new share issue to repay the total debt balances owed to Kropz.

   The resultant balance of intercompany debt between Kropz and the Elandsfontein Subsidiaries will be £ nil (US$ nil ZAR nil).

3. Debt for equity swap between *Kropz and Kropz SA*

   Kropz subscribes for shares in Kropz SA for £2.1 million (US$ 2.7 million, ZAR 48.5 million), the proceeds of which Kropz SA utilised to repay £2.1 million (US$ 2.7, million ZAR 48.5 million) of debt owed to Kropz. The resultant balance of intercompany debt between Kropz and Kropz SA will be nil.

4. *Debt for equity swap between ARC and the Elandsfontein Subsidiaries*

The Elandsfontein Subsidiaries issues new shares to ARC. The cumulative debt balance owed by the Elandsfontein Subsidiaries to ARC was £63.3 million (US$ 83.5 million, ZAR 1.5 billion). ARC subscribes for new shares in Kropz Elandsfontein for a total of £27.4 million (US$ 36.2 million, ZAR 641.1 million) and in Elandsfontein Land for a total of £0.8 million (US$ 1.0 million, ZAR 18.2 million). The subscriptions will be done at a subscription price based on an Independent Valuation of each of the Elandsfontein Subsidiaries. The Elandsfontein Subsidiaries then utilises the proceeds from the new share issue to repay £28.2 million (US$ 37.2 million, ZAR 659.3 million) of the debt balance owed to ARC. The resultant balance of debt between ARC and the Elandsfontein Subsidiaries will be £35.1 million (US$ 46.3 million, ZAR 821.3 million).

Kropz also has approximately £54.9 million remaining (US$ 72.5 million, ZAR 1.3 billion) of existing convertible debt (the "Existing Equity Facilities") with ARC (including accumulated interest) which will not be settled as part of these arrangements. These will be amended to extend the repayment terms from being 1 year after repayment of the BNP loan facility (which will occur by no later than 30 September 2024) to being 3 years from the date of issue of the new CLN, or such later date as confirmed by ARC in writing.

5. *New Convertible Loan Note issue*

To raise the capital required to settle the remaining balance of the unconverted bridge loans for the Restructuring, Kropz issues a CLN instrument to ARC for £35.1 million (US$ 46.3 million ZAR 821.3 million). The terms of the CLN will be:

- the CLN will be repayable after 5 years or such later date as confirmed by ARC in writing;
- the interest rate will be the South African prime rate plus 6% (six percent); and
- the CLN will be convertible, at the lender's discretion, to additional Kropz shares at the prevailing 30-day volume weighted average price (VWAP) of 1.46 pence

Kropz utilises the proceeds of the CLN to subscribe for new ordinary shares in Kropz Elandsfontein. Kropz Elandsfontein in turn applies the proceeds from the share subscription to repay the outstanding portion of the bridge loans to ARC, being £35.1 million (US$ 46.3 million, ZAR 821.3 million), resulting in these being reduced to nil.

As a result of the Restructuring, the Elandsfontein Subsidiaries will no longer have any debt obligations to ARC post the transaction date. Kropz will have convertible debt of £88.9 million (including accumulated interest) outstanding with ARC, being the aggregate of the new CLN and the Existing Equity Facilities.

Bridge Loan Facility

On 11 July 2024, Kropz Elandsfontein and ARC Fund ("ARC") agreed to a ZAR 140 million (approximately US$ 8 million) bridge loan facility (the "Loan") to meet immediate cash requirements at Kropz Elandsfontein. The loan has been fully drawn by 22 August 2024

(35) Ultimate controlling party

The Directors consider Ubuntu-Botho Commercial Enterprises Proprietary Limited to be the ultimate controlling party of the Company.

Company Statement of Financial Position
(Registered number: 11143400)
As at 31 March 2024

	Notes	31 March 2024 US$'000	31 December 2022 US$'000
Fixed assets			
Investment in subsidiaries	3	**40,205**	40,183
Amounts due from subsidiaries		**7,906**	7,211
		48,111	**47,394**
Current assets			
Debtors	4	**153**	115
Cash and bank balances		**562**	420
		715	**535**
Current liabilities			
Amounts falling due within one year	7	**(196)**	(320)
Shareholder loans and derivative	8	**(33,863)**	-
Current taxation		**(623)**	(597)
		(34,682)	**(917)**
Net current liabilities		**(33,967)**	**(382)**
Non-current liabilities			
Shareholder loans and derivative	8	**(-)**	(38,092)
Net Assets		**14,144**	**8,920**
Capital and Reserves			
Share capital	5	**1,212**	1,212
Share premium account		**194,757**	194,757
Merger reserve		**14,878**	14,878
Foreign currency translation reserve		**(1,380)**	58
Share-based payment reserve		**305**	281
Retained losses		**(195,628)**	(202,266)
		14,144	**8,920**

The Company has elected to take the exemption under section 408 of the Companies Act 2006, to not present the Statement of Comprehensive Income. Capital and reserves include profit for the period of the parent company of US$ 6,638,000 (2022: US$ (137,716,000)).

The notes on pages 130 to 135 form an integral part of these Financial Statements.

The Financial Statements on pages 128 to 135 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Louis Loubser, Chief Executive Officer
30 September 2024

Company Statement of Changes in Equity
For the period ended 31 March 2024

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share-based payment reserve	Retained losses	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2022	**1,194**	**193,524**	**14,878**	**3,548**	**1,197**	**(64,550)**	**149,791**
Loss for the year	-	-	-	-	-	(137,716)	(137,716)
Other comprehensive loss	-	-	-	(3,490)	-	-	(3,490)
Total comprehensive loss for the year	**-**	**-**	**-**	**(3,490)**	**-**	**(137,716)**	**(141,206)**
Issue of shares	18	539	-	-	-	-	557
Share options exercised	-	694	-	-	(694)	-	-
Share-based payment credit	-	-	-	-	(222)	-	(222)
Transactions with owners	**18**	**1,233**	**-**	**-**	**(916)**	**-**	**335**
At 31 December 2022	**1,212**	**194,757**	**14,878**	**58**	**281**	**(202,266)**	**8,920**
Profit for the period	-	-	-	-	-	6,638	**6,638**
Other comprehensive (loss)/income	-	-	-	(1,438)	-	-	**(1,425)**
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**(1,438)**	**-**	**6,638**	**5,213**
Share-based payment credit	-	-	-	-	70	-	**70**
Share options forfeited	-	-	-	-	(46)	-	**(46)**
Transactions with owners	**-**	**-**	**-**	**-**	**24**	**-**	**12**
At 31 March 2024	**1,212**	**194,757**	**14,878**	**(1,380)**	**305**	**(195,628)**	**14,144**

Notes to the Company Financial Statements for the period ended 31 March 2024

1. General information

The Company was incorporated on 10 January 2018 and is a public limited company limited by shares, with its ordinary shares admitted to the AIM Market of the London Stock Exchange on 30 November 2018 trading under the symbol, "KRPZ". The Company is domiciled in England and incorporated and registered in England and Wales. The address of its registered office is 35 Verulam Road, Hitchin, SG5 1QE. The registered number of the Company is 11143400.

2. Summary of significant accounting policies

(a) Basis of preparation

The Company's Financial Statements have been prepared in accordance with applicable law and accounting standards in the United Kingdom and under the historical cost accounting rules (Generally Accepted Accounting Practice in the United Kingdom).

The Directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the FRC guidance on the going concern basis of accounting and reporting on solvency and liquidity risks (April 2016). It is considered appropriate to continue to prepare the Financial Statements on a going concern basis. Disclosures in relation to going concern are shown in Note 2 (a) to the Consolidated Financial Statements.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Profit and Loss account in these separate Financial Statements. The loss attributable to members of the Company for the period ended 31 March is US$ 6,638,000 (2022: US$ 137,716,000).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK":

- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Financial Instruments

Going concern

Cash and cash equivalents totalled US$ 0.6 million as at 31 March 2024 (2022: US$ 0.4 million). Apart from revenue generated at Kropz Elandsfontein, the Company has no other current source of operating revenue and the ramp up of Elandsfontein is still in progress. Therefore, the Company is dependent on future fund raisings to meet any production costs, overheads and future development and exploration requirements and quarterly repayments on the BNP loan that cannot be met from existing cash resources and sales revenue. Also refer to the going concern note on page 75 to 79.

Going concern basis

Based on the Company's current available reserves, recent operational performance, forecast production and sales at Kropz Elandsfontein coupled with Managements' track record to successfully raised additional funds as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and at least for a period of 12 months from the date of approval of these financial statements.

For these reasons the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As there can be no guarantee that the required future funding can be raised in the necessary timeframe, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(b) Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

(c) Fixed asset investments

Fixed asset investments in Group undertakings are carried at cost less any provision for impairment.

(d) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Exchange differences arising on the translation of the Company's results and net assets from its functional currency of GBP to the presentational currency of US$ are taken to the foreign currency translation reserve.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Share-based payment arrangements

The policy for the Company's share-based payment arrangements can be found in Note 2(r) of the Consolidated Financial Statements.

(g) Derivative assets / liabilities

Derivatives that are embedded in a host contract are accounted for separately as derivatives if they are not closely related to the host contract, unless the hybrid (combined) instrument is measured at fair value with changes in fair value recognised directly in the income statement.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

A derivative is a financial instrument that changes in value in response to an underlying price and creates the rights and obligations that usually have the effect of transferring between parties to the instrument one or more of the financial risks inherent in an underlying instrument. A key characteristic of derivatives is that they require little or no initial net investment and will be settled at a future date.

Separable embedded derivatives are measured at fair value with all changes in fair value recognised in the income statement.

3. Investment in subsidiaries

	31 March 2024 US$'000	31 December 2022 US$'000
Cost / recoverable amount		
At beginning of the year	**40,183**	108,650
Purchase of non-redeemable preference shares in Kropz Elandsfontein	**5,000**	41,000
Impairment of non-redeemable preference shares in Kropz Elandsfontein	**(7,214)**	(56,104)
Preference shares paid in excess	**2,214**	(2,316)
Preference dividends due from subsidiary – Kropz Elandsfontein	**14,619**	5,046
Impairment of preference dividends due from subsidiary – Kropz Elandsfontein	**(14,619)**	(10,304)
Share-based payment transaction with subsidiaries	**(21)**	57
Impairment of investment in subsidiaries	**-**	(45,846)
Functional currency translation adjustment	**43**	-
At end of period	**40,205**	**40,183**

Details of the Company's subsidiaries as at 31 March 2024 are set out in Note 3 to the Consolidated Financial Statements.

The Company has invested, in aggregate, US$ 127 million (2022: US$ 122 million) in non-redeemable preference shares of Kropz Elandsfontein. As described in Note 34 to the Consolidated Financial Statements, the Group is cancelling all of these non-redeemable preference shares and these are fully written down in the Company's accounts.

4. Debtors

	31 March 2024 US$'000	31 December 2022 US$'000
VAT recoverable	**19**	22
Other debtors	**134**	93
	153	**115**

5. Share capital

Details of the Company's authorised, called-up and fully paid share capital are set out in Note 11 to the Consolidated Financial Statements.

The ordinary shares of the Company carry one vote per share and an equal right to any dividends declared.

6. Reserves

Foreign exchange translation reserve
The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the assets, liabilities and equity of the entities included in these financial statements from their functional currencies to the presentational currency.

Share premium
The share premium account represents the amount received on the issue of ordinary shares by the Company, other than those recognised in the merger reserve described below, in excess of their nominal value and is non-distributable.

Merger reserve
The merger reserve represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value on acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies. The merger reserve consists of the merger relief on the issue of shares to acquire Kropz SA on 27 November 2018 and Cominco Resources on 30 November 2018.

Share-based payment reserve
The share-based payment reserve arises from the requirement to value share options and warrants in existence at the period end at fair value (see Note 11 to the Consolidated Financial Statements).

7. Creditors: amounts falling due within one year

	31 March 2024 US$'000	31 December 2022 US$'000
Trade creditors	**89**	176
Other creditors and accruals	**107**	144
	196	**320**

8. Shareholder loans and derivative liability

	31 March 2024 US$'000	31 December 2022 US$'000
Convertible debt - ARC	**27,387**	15,055
Derivative liability	**6,476**	23,037
	33,863	**38,092**
Maturity		
Non-current	**-**	38,092
Current	**33,863**	-
	33,863	**38,092**

Convertible debt - ARC

On 20 October 2021, the Company entered into a new convertible equity facility of up to ZAR 200 million (“ZAR 200 Million Equity Facility”) with ARC, the Company's major shareholder. Interest is payable at 14% nominal, compounded monthly. At any time during the term of the ZAR 200 Million Equity Facility, repayment of the ZAR 200 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into ordinary shares of 0.1 pence each (“Ordinary Shares”) in the Company and issued to ARC, at a conversion price of 4.5058 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price (“VWAP”) on 21 September 2021, and at fixed exchange rate of GBP 1 = ZAR 20.24 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 200 Million Equity Facility which is 27 October 2026. The Company made a drawdown of ZAR 90 million of the ZAR 200 Million Equity Facility on 26 October 2021 and a further ZAR 37 million on 9 December 2021. Two further draw downs were made in 2022, one on 25 March 2022 for ZAR 40 million and ZAR 33 million on 26 April 2022. The ZAR 200 Million Equity Facility is fully drawn at the date of this report.

As announced on 11 May 2022, the Company entered into a new conditional convertible equity facility of up to ZAR 177 million (“ZAR 177 Million Equity Facility”) with ARC. Interest is payable at 14% nominal, compounded monthly. At any time during the term of the ZAR 177 Million Equity Facility, repayment of the ZAR 177 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into Ordinary Shares in the Company and issued to ARC, at a conversion price of 9.256 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price (“VWAP”) on 4 May 2022, and at fixed exchange rate of ZAR 1 = GBP 0.0504 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 177 Million Equity Facility which is 2 June 2027. The first drawdown on the ZAR 177 Million Equity Facility occurred on 2 June 2022 for ZAR 103.5 million. The second drawdown on the ZAR 177 Million Equity Facility was made on 7 July 2022 for ZAR 60 million. On 9 August 2022, a final drawdown on the ZAR 177 Million Equity Facility was made for ZAR 13.5 million. The ZAR 177 Million Equity Facility is fully drawn at the date of this report.

As announced on 14 November 2022, the Company entered into a new conditional convertible equity facility of up to ZAR 550 million ("ZAR 550 Million Equity Facility") with ARC. Interest is payable at the South African prime overdraft interest rate plus 6%, nominal per annum and compounded monthly. At any time during the term of the ZAR 550 Million Equity Facility, repayment of the ZAR 550 Million Equity Facility capital amount will, at the election of ARC, either be in the form of the conversion into Ordinary Shares in the Company and issued to ARC, at a conversion price of 4.579 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price ("VWAP") on 21 October 2022 and at fixed exchange rate of ZAR 1 = GBP 0.048824 ("Conversion"), or payable in cash by the Company at the end of the term of the ZAR 550 Million Equity Facility which is 30 November 2027. The Company drew down a further ZAR 107.5 million during the 15-month period and is fully drawn as at 31 March 2024.

These liabilities will be amended to extend the repayment terms from being 1 year after repayment of the BNP loan facility (which will occur by no later than 30 September 2024) to being 3 years from the date of issue of the new CLN, or such later date as confirmed by ARC in writing.

Convertible liability

It was determined that the conversion option embedded in the convertible debt equity facility be accounted for separately as a derivative liability. Although the amount to be settled is fixed in ZAR, when converted back to Kropz’s functional currency, will result in a variable amount of cash based on the exchange rate at the date of conversion. The value of the liability component and the derivative conversion component were determined at the date of draw down using a Monte Carlo simulation. The debt host liability was bifurcated based on the determined value of the option. Subsequently, the embedded derivative liability is adjusted to reflect fair value at each period end with changes in fair value recorded in profit and loss (refer to Note 30 to the Consolidated Financial Statements).

9. Related party transactions

The only key management personnel of the Company are the Directors. Details of their remuneration are contained in Note 18 to the Consolidated Financial Statements.

The following transactions and balances with subsidiaries occurred in the period:

	31 March 2024 US$'000	**31 December 2022 US$'000**
Opening balance	**7,211**	49,904
Loans advanced	**695**	612
Loans repaid	**(937)**	(877)
Reversal/(Impairment) of loans to subsidiaries	**937**	(42,428)
	7,906	**7,211**

10. Subsequent events

Disclosures in relation to events after 31 March 2024 are shown in Note 34 to the Consolidated Financial Statements.

Company information

Current Directors
Lord Robin William Renwick of Clifton, Non-executive Chairman
Louis Ronald Loubser, Chief Executive Officer
Gerrit Jacobus Duminy, Non-executive Director
Linda Janice Beal, Independent Non-executive Director
Michael Daigle, Non-executive Director

Company secretary
Fusion Corporate Secretarial Service (Pty) Ltd

Company number
11143400

Registered address
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Hitchin
SG5 1QE

Independent auditors
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E14 4HD

Nominated adviser
Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Broker
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London W1K 2HX

Legal advisers as to English Law
Memery Crystal Limited
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Legal advisers as to South African Law
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South Africa

Bowmans
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Legal advisers as to the laws of Republic of Congo
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B.P. 1306
Pointe-Noire
Congo

Legal advisers as to the laws of the British Virgin Islands
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Craigmuir Chambers
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Tortola VG1110
British Virgin Islands

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Computershare Investor Services PLC
The Pavilions
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Bristol
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Melrose Arch
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