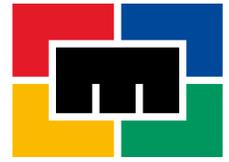


ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December

2020



MINERALS COUNCIL
SOUTH AFRICA



#MakingMining
Matter

The Minerals Council South Africa represents



90% of South African mineral production, by value

- 14** Coal
- 12** Platinum
- 10** Other minerals
- 6** Gold/Uranium
- 6** Manganese
- 5** Chrome
- 4** Diamonds
- 4** Contractors
- 3** Diversified minerals
- 3** Zinc/Copper
- 3** Associations
- 3** Corporates
- 3** Investment companies
- 2** Iron ore
- 2** Exploration

THE MINING SECTOR IN 2020



employed
451,427
people



contributed
R27.2 BILLION
in taxes to South Africa



contributed
R372.9 BILLION
to GDP



ABOUT THIS REPORT

The Minerals Council South Africa's financial year is from 1 January 2020 to 31 December 2020.

These separate annual financial statements cover transactions during this period, and have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities.

These financial statements, including the Integrated Annual Review, are available on the Minerals Council website at:
www.mineralscouncil.org.za/industry-news/publications/annual-reports



MINERALS COUNCIL SOUTH AFRICA

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The following supplementary information does not form part of the annual financial statements and is unaudited:

- 22** Detailed Income Statement
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VISION

To ensure mining matters for South Africa.



MISSION

To play a leadership role in enabling the South African mining sector to achieve its real potential for investment, growth, transformation, and development in a socially and environmentally responsible manner.



VALUES

Members are obliged to conduct their business according to the agreed Minerals Council values, which dictate the minimum standards of conduct required of them in order to become or remain a member of the Minerals Council. The five values of the Minerals Council are:



Responsible citizenship



Respect



Trust



Honesty



Accountability

THE BOARD'S RESPONSIBILITIES AND APPROVAL

The Board of the Minerals Council South Africa (hereafter “the Minerals Council” or “Organisation”) is responsible for the maintenance of adequate accounting records, the preparation and integrity of the annual financial statements and related information.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities. The Organisation’s independent external auditors, Mazars, have audited these annual financial statements and their report appears on page 3.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the Organisation will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 6 to 21 were approved by the Board on 31 March 2021 and were signed on its behalf by:



Mr R Baxter
Chief Executive



Mr M Mgojo
Chairman

INDEPENDENT AUDITOR'S REPORT

To the members of the Minerals Council South Africa



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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Minerals Council South Africa set out on pages 6 to 21, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Minerals Council South Africa as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for small and medium-sized entities.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board is responsible for the other information. The other information comprises the information included in the document titled "Minerals Council South Africa Financial Statements for the year ended 31 December 2020". The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Registered Auditor - A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

Partners: MV Ninan (National Co-CEO), MC Olckers (National Co-CEO), SJ Adlam, JC Combrink, GJ De Beer, G Deva, Y Dockrat, JJ Eloff, MH Fisher, GD Jackson, D Keeve, N Mayat, R Murugan, MV Patel, S Ranchhoojee, DM Tekie, S Truter, S Vorster

A full list of national partners is available on request or at www.mazars.co.za

INDEPENDENT AUDITOR'S REPORT continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for small and medium-sized entities, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located on page 5, forms part of our auditor's report.

The logo for Mazars, featuring the word "Mazars" in a stylized, cursive script font.

Mazars

Partner: Daniel Tekie
Registered Auditor

31 March 2021
Pretoria

INDEPENDENT AUDITOR'S REPORT continued

Appendix

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 R	2019 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,738,443	2,438,006
Intangible assets	3	180,000	14,388
Other financial assets	4	6,003,888	5,881,731
Other investments		233,518	234,348
Investments and term deposits	5	35,430,414	45,974,016
		43,586,263	54,542,489
Current assets			
Trade and other receivables	6	44,868,931	33,340,631
Short-term financial assets	4	3,357,368	6,532,591
Other financial assets	4	6,747,787	4,035,368
Cash and cash equivalents	7	82,971,842	75,849,257
		137,945,928	119,757,847
Total assets		181,532,191	174,300,336
EQUITY AND LIABILITIES			
Capital and reserves			
Project funds	8	39,211,352	49,754,955
Retained income		8,302,624	8,302,624
		47,513,976	58,057,579
LIABILITIES			
Non-current liabilities			
External debt	9	1,704,285	1,975,625
Other financial liability	4	6,003,888	4,515,104
		7,708,173	6,490,729
Current liabilities			
Trade and other payables	10	110,577,722	94,103,403
External debt	9	303,876	314,474
Loans from related parties	11	5,323,289	4,766,192
Other liability	4	3,357,368	6,532,591
Other financial liability	4	6,747,787	4,035,368
		126,310,042	109,752,028
Total liabilities		134,018,215	116,242,757
Total equity and liabilities		181,532,191	174,300,336

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 R	2019 R
Revenue	12	143,914,082	134,752,284
Other income	13	2,104,168	5,511,537
Administrative and operating expenditure	14	(148,610,520)	(143,117,414)
Depreciation and amortisation		(1,118,813)	(2,700,454)
Operating loss		(3,711,083)	(5,554,047)
Interest received		3,821,853	5,768,302
Finance costs		(110,770)	(214,255)
Profit for the year		-	-
Project income	8	42,110,000	54,530,000
Additional project income	8	5,434,882	3,484,742
Project expenditure	8	(58,088,485)	(60,472,647)
Decrease in project funding		(10,543,603)	(2,457,905)
Total comprehensive loss for the year		(10,543,603)	(2,457,905)

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Project fund	Accumulated funds	Total funds
	R	R	R
Balance at 01 January 2019	52,212,860	8,302,624	60,515,484
Decrease in project funding	-	(2,457,905)	(2,457,905)
Transfer (from)/to project funds	(2,457,905)	2,457,905	-
Balance at 31 December 2019	49,754,955	8,302,624	58,057,579
Decrease in project funding	-	(10,543,603)	(10,543,603)
Transfer (from)/to project funds	(10,543,603)	10,543,603	-
Balance at 31 December 2020	39,211,352	8,302,624	47,513,976

Note

8

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash (used in)/generated from operations	15	(7,631,928)	42,968,664
Finance costs		(110,770)	(214,255)
Net cash from operating activities		(7,742,698)	42,754,409
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(296,862)	(734,779)
Purchase of other intangible assets	3	(288,000)	-
Sale of financial assets		3,053,066	(3,010,736)
Increase in investments		10,543,603	2,457,907
Interest received		3,821,853	5,768,302
Net cash from investing activities		16,833,660	4,480,694
Cash flows from financing activities			
Repayment of external debt		(281,938)	(248,434)
Movement in long-term incentive plan (LTIP)		(3,175,223)	795,268
Movement in other financial liability		4,201,203	3,059,586
Movement in other financial assets		(2,712,419)	(2,210,745)
Net cash from financing activities		(1,968,377)	1,395,675
Total cash movement for the year		7,122,585	48,630,778
Cash at the beginning of the year		75,849,257	27,218,479
Total cash at end of the year	7	82,971,842	75,849,257

ACCOUNTING POLICIES

for the year ended 31 December 2020

1. Accounting policies

The principal accounting policies and basis of accounts used are in all material respects consistently applied. The annual financial statements have been prepared in accordance with the historic cost basis, except for certain financial instruments which are stated at fair value and these policies conform with the International Financial Reporting Standards for small and medium-sized entities.

1.1 Revenue recognition

Revenue represents contributions from members, administration fees and interest income. Contributions are recognised when invoiced and consist of contributions for operating costs and capital expenditure, collected in line with the annually approved budget.

1.2 Administration fees

Administration fees are earned in respect of services provided to associated entities.

Interest income is accrued on an effective yield basis.

1.3 Project income

Project income represents contributions from members for specific projects.

1.4 Project expenditure

Project expenditure relates to expenditure incurred on projects approved by the Board.

1.5 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which are as follows:

Item	Average useful life (years)
Furniture and fixtures	5
Motor vehicles	5
Computer equipment	3
Computer software	2

1.6 Financial instruments

Financial assets and financial liabilities are recognised on the Organisation's statement of financial position when the Organisation has become a party to contractual provisions of the instruments.

Trade receivables and payables are stated at their nominal value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

1.7 Impairment of assets

The Organisation assesses at each reporting date whether there is any indication that an asset may be impaired.

ACCOUNTING POLICIES continued

for the year ended 31 December 2020

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Interest received

Interest received comprises interest earned on call deposits and investment accounts, held with banking institutions.

1.9 Provisions

Provisions are recognised where the Organisation has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an overflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

1.10 Other investments

Other investments consist of gold coins and medallions. These investments are carried at cost and are not held for capital appreciation.

1.11 Investments

Unlisted investments comprise shares in related companies and are stated at cost. Other investments comprise monies invested to fund liabilities and projects which are stated at cost.

1.12 Related parties

A related party is related to an entity if any of the following situations apply to it:

- Individual control: The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the entity.
- Key Management: The party is a member of an entity's or its parent's key management personnel.
- The party is an entity that is controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in key management above

1.13 Retirement benefits

The policy of the Organisation, subject to the rules of the Momentum Funds At Work Umbrella Fund, is to provide retirement benefits for its employees. Payments to the defined contribution fund are expensed as they fall due.

1.14 New and revised standards in issue not yet adopted

At the date of authorisation of these financial statements, there have been no new and revised standards and/or amendments to the standards in issue but not yet effective.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	4,540,288	(3,197,921)	1,342,367	4,497,675	(2,524,664)	1,973,011
Motor vehicles	143,505	(143,505)	-	143,505	(143,505)	-
Computer equipment	3,452,971	(3,056,895)	396,076	3,198,723	(2,733,728)	464,995
Total	8,136,764	(6,398,321)	1,738,443	7,839,903	(5,401,897)	2,438,006

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,973,011	42,612	(673,256)	1,342,367
Computer equipment	464,995	254,250	(323,169)	396,076
	2,438,006	296,862	(996,425)	1,738,443

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	2,251,770	398,608	(677,367)	1,973,011
Computer equipment	433,289	336,171	(304,465)	464,995
	2,685,059	734,779	(981,832)	2,438,006

3. Intangible assets

	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	687,039	(507,039)	180,000	399,039	(384,651)	14,388

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	14,388	288,000	(122,388)	180,000

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	80,852	(66,464)	14,388

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

4. Long-term incentive plan (LTIP)

Employees participate in a LTIP. The Remuneration Committee at its sole discretion decides who will be included in the scheme for each year's awards. The intention is to include Senior Executives, Heads and Deputy Heads of Departments, and other key specialists and talent as recommended by the CEO. Participation in the scheme is not guaranteed.

The LTIP consists of shares in two portfolios: Satrix 40 and Satrix Resi shares.

Satrix 40 shares

The Satrix 40 shares are part of a previous LTIP. The awards under this scheme have vested. Shares are liquidated and paid on the request of the employee. Due to the uncertainty of the timing of payments, the investment and liability are disclosed under non-current assets and non-current liability respectively.

Satrix Resi shares

The Minerals Council introduced a new LTIP in 2017. The awards vest over a three-year period starting at the end of the year following the period of review.

A cash value is awarded to participants which is used to purchase Satrix Resi units. On vesting of the awards, the sale of units provides cash for the payment to the participants. The vesting is a forced vesting and the value of any particular year is subject to the performance of that year.

The investment is recognised when shares are purchased and the liability at the time awards are vesting. The liability is expected to vest as follows:

- Current liability: R6,747,787
- Non-current liability: R6,003,888

Money market

The money market investment consists of the access amounts held on the above investments.

The following balances relate to the incentive scheme:

	2020 R	2019 R
Non-current assets		
Other financial assets (Satrix Resi)	6,003,888	5,881,731
Non-current liabilities		
Other financial liability (Satrix Resi)	(6,003,888)	(4,515,104)
Current assets		
Short-term financial assets (Satrix 40)	2,025,551	5,643,463
Other financial assets (Satrix Resi)	6,747,788	4,035,368
Current liabilities		
Other liability (Satrix 40)	(2,025,551)	(5,643,463)
Other financial liability (Satrix Resi)	(6,747,788)	(4,035,368)
Money market		
Money market investments	1,331,817	889,128
Other liability	(1,331,817)	(889,128)
	-	1,366,627

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

5. Investments and term deposits

	2020 R	2019 R
Investments		
Rand Mutual Assurance Company Ltd 4 shares @ R20 each (2018: 4 shares @ R20 each)	80	80
Reconciliation of investment		
Mining Lekgotla		
Opening balance	-	1,652,158
Impairment of investment	-	(1,652,158)
Closing balance	-	-
Mining Lekgotla no longer operates and is therefore written down to the recoverable amount being the net asset value.		
Term deposits:		
Advocacy for occupational health	692,956	258,479
Minerals Council certificates	1,982,681	2,273,812
Study on mortality	675,440	263,440
Fire prevention peer review	1,753,001	1,869,026
Impact of carbon tax	-	473,835
Mining modernisation	51,599	51,599
Epidemiology study for former mine workers	2,925,916	950,305
Junior and Emerging Miners' Desk	1,600,000	-
CEO-led Khumbul'ekhaya	748,647	-
Industry alignment for TMM collision management	2,131,994	-
Women in Mining	89,865	-
Promoting modernisation through communication	879,390	-
Mining innovation co-investment operational	1,672,553	-
Strategic communication	2,248,287	2,655,631
Just transition assessment	1,328,000	2,000,000
Legal expenses	257,478	7,490,296
Develop funding and governance models	-	110,967
Mapping the mining innovation ecosystem	-	114,474
Minerals Council regional presence	3,427,334	101,941
Assessment of the brand health of the Minerals Council and the South African mining industry	887,780	887,780
Development of rehabilitation practices and methodologies for sustainable trade-offs between mining and agriculture	1,366,850	1,385,800
Transformation	657,182	710,756
Industry reconciliation process	1,890,565	437,015
People-centric collision management	-	870,743
Modernise data and Information	1,667,501	984,071
Mining innovation co-investment model	6,495,315	22,083,966
Total term deposits	35,430,334	45,973,936
Total investments and term deposits	35,430,414	45,974,016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

Term deposits represent funds received in advance from members to finance the execution of special projects. The funds are invested in risk-free call deposit accounts with ABSA Bank and Nedbank.

Due to the certainty regarding the timing of the utilisation of the above term deposits, all deposits have been disclosed as non-current.

6. Trade and other receivables

	2020 R	2019 R
Trade receivables – members	39,369,322	27,076,389
Trade receivables – non-members	223,714	527,372
VAT	2,935,101	3,891,261
Other receivables	2,816,308	2,333,719
Allowance for doubtful debts	(475,514)	(488,110)
	44,868,931	33,340,631

The average credit period is 60 days. No interest is charged on trade receivables. The Organisation has recognised an allowance for doubtful debts of 100% against all receivables over 120 days which are considered to be irrecoverable. Allowance for doubtful debts are recognised against trade receivables between 90 and 120 days based on estimated irrecoverable amounts determined by an analysis of the counterparty's current financial position.

Only 2.2% of trade receivables over 90 days have been provided for as doubtful debts in the current period. The reason being that 95% of trade receivables consist of members, contributions invoices which have been approved by the Board upon acceptance of the annual budget thus these trade receivables have been committed and pre-approved by the Board for payment.

Trade receivables disclosed above include amounts (see below for age analysis) that are past due at the end of the reporting period for which the Organisation has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2020 R	2019 R
Age of receivables that are past due but not impaired		
90 - 120 days	21,446,725	13,304,244

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

7. Cash and cash equivalents

	2020 R	2019 R
Cash and cash equivalents consist of:		
Cash at bank	12,066,983	27,230,086
Cash on call	106,335,193	94,593,107
Amounts classified under investments and term deposits	(35,430,334)	(45,973,936)
	82,971,842	75,849,257

Cash and cash equivalents comprise cash and short-term deposits. The carrying amount of these assets approximates fair value. Credit risk is limited as the counter parties are financial institutions with high credit ratings.

8. Project funds

	2020 R	2019 R
Balance at beginning of period	49,754,955	52,212,860
Project income	42,110,000	54,530,000
Additional project income	5,434,882	3,484,742
Project expenditure	(58,088,485)	(60,472,647)
Closing balance	39,211,352	49,754,955

Refer to Appendix A on page 24 for a detailed breakdown.

9. External debt

	2020 R	2019 R
At amortised cost		
IDC loan	2,008,161	2,290,099

The loan is repaid in 144 (one hundred and forty four) monthly instalments as follows: Six monthly instalments comprising of interest only, payable on the first day of the first month succeeding the first draw down, and thereafter on the first day of each and every succeeding month; thereafter, 138 (one hundred and thirty eight) equal monthly instalments comprising of interest and capital in the amount of R35,591 (thirty five thousand five hundred and ninety one rand) payable on the first day of the seventh month from the first draw down, and thereafter on the first day of each and every succeeding month until the loan has been repaid in full.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

	2020 R	2019 R
Non-current liabilities		
At amortised cost	1,704,285	1,975,625
Current liabilities		
At amortised cost	303,876	314,474
	2,008,161	2,290,099

10. Trade and other payables

	2020 R	2019 R
Trade payables – members	10,470,640	10,681,011
Trade payables – non-members	4,216,728	5,366,706
Accruals	2,672,813	2,065,089
Special projects – members	71,102,592	56,156,574
Bonuses	14,513,490	11,344,302
Accrued leave pay	7,601,459	8,489,721
	110,577,722	94,103,403

The Organisation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Provisions

Provisions are recognised when the Organisation has a present obligation (legal or constructive) as a result of a past due event, it is probable that the Organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

11. Loans from related parties

	2020 R	2019 R
Chamber of Mines Building Company Limited	5,323,289	4,766,192

The above loans are unsecured, interest free and payable on demand.

The Chamber of Mines Building Company is the registered owner of the building the Minerals Council occupies and is leased for a period of five years. In lieu of rent, the Minerals Council bears all the expenses related to the insurance, rates and taxes, and maintenance of the building.

A fuel cell was installed by the Building Company in the building during 2014 with commissioning in the first quarter of 2015. As part of the financing of the fuel cell, the Minerals Council received a loan from the IDC in 2015 which is utilised to offset a portion of the loan with the Building Company.

12. Revenue

	2020 R	2019 R
Contribution from members	143,914,082	134,752,284

13. Other income

	2020 R	2019 R
Discount received	165,551	141,091
Administration fees	1,808,910	2,482,919
Other income	129,707	1,520,987
Fair value adjustments on investments	-	1,366,540
	2,104,168	5,511,537

14. Administrative and operating expenditure

	2020 R	2019 R
Auditors' remuneration - external	579,296	562,332
Auditors' remuneration - internal	109,500	247,500
Employee-related expenses	117,358,195	105,929,476
Impairment of investment	-	1,652,158
Operating costs	30,563,529	34,725,948
	148,610,520	143,117,414

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

15. Cash (used in)/generated from operations

	2020 R	2019 R
Total comprehensive loss for the period before taxation	(10,543,603)	(2,457,905)
Adjustments for:		
Depreciation and amortisation	1,118,813	1,048,296
Interest received - investment	(3,821,853)	(5,768,302)
Finance costs	110,770	214,255
Impairment of investment	-	1,652,158
Other non-cash items	829	572
Changes in working capital:		
Trade and other receivables	(11,528,300)	8,765,000
Trade and other payables	16,474,319	38,994,242
Loans from related parties	557,097	520,348
	(7,631,928)	42,968,664

16. Financial instruments

The Organisation's financial instruments consist of cash deposits with banks, trade and other receivables, and trade and other payables and loans from related companies.

Currency risk management

The Organisation is not exposed to currency risk.

Categories of financial instruments

The financial assets of the Minerals Council consist of investments, trade and other receivables, and cash and cash equivalents. These are considered loans and receivables for both the 2020 and 2019 financial years, and carried at amortised cost and fair value. The financial liabilities consist of trade and other payables (excluding accruals), and loans from related parties. These are considered financial liabilities at amortised cost for both the 2020 and 2019 financial years.

Interest rate risk management

The Organisation adopts a policy of regularly reviewing interest rate exposure.

Credit risk management

Management has a credit risk policy in place and exposure to credit risk is monitored on an ongoing basis. Provision is made for specific doubtful debts, and at year end management did not consider there to be any material credit risk exposure that was not provided for. Reputable financial institutions are used for investing and cash handling purposes.

	2020 R	2019 R
Movement in allowance for doubtful debts		
Balance at the beginning of the year	(488,110)	(907,179)
Provision raised for the period	(449,575)	(385,528)
Provision utilised for the period	462,171	804,597
Balance at the end of the year	(475,514)	(488,110)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

In determining the recoverability of a trade receivable, the Organisation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the provision for doubtful debt are amounts not considered recoverable relating to debtors who face financial difficulty, amounts long overdue as well as amounts in dispute pending a recalculation of fees. The provision recognised represents the difference between the carrying amount of these trade receivables and the present value of expected future payments. The Organisation does not hold any collateral over these balances.

17. Events after the reporting period

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

18. Commitments and contingencies

The Minerals Council has a contingent liability as set out in Note 4 in terms of the entity's long-term incentive plan. The vesting is dependent on whether the key employees meet their performance objectives.

19. Related parties

Relationships

The Chamber of Mines Building Company Ltd board is constituted entirely by the Minerals Council South Africa. The shareholders of the Chamber of Mines Building Company Ltd are the Minerals Council's gold members. The Chamber of Mines Building Company Ltd is a separate legal entity and is independently audited.	Chamber of Mines Building Company Ltd
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Chief Executive	R Baxter
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Related party balances* and transactions with other related parties

Loan accounts - Owing (to)/by related parties

Chamber of Mines Building Company Ltd	(5,323,289)	(4,766,192)
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* Prior year disclosures have been updated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

20. Executive's remuneration

Executive

2020	Emoluments	Bonus	Pension paid	Total
Mr R Baxter	5,534,952	1,965,007	503,036	8,002,995
2019				
Mr R Baxter*	5,222,616	1,831,347	485,752	7,539,715

* Prior year disclosures have been updated.

21. Going concern

The Board believes that the Organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Board has satisfied itself that the Organisation is in a sound financial position. The Board is not aware of any new material changes that may adversely impact the Organisation. The Board is also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation which may affect the Organisation.

The Board has considered the impact of the COVID-19 pandemic which has severely impacted many economies around the globe. Since the Organisation operates as an essential service provider due to the fact that many mines have been granted an exemption from the lockdown, it is allowed to continue operating during the lockdown period and therefore the impact of COVID-19 on the business is not expected to have a material uncertainty going forward.

DETAILED INCOME STATEMENT

for the year ended 31 December 2020

	Notes	2020 R	2019 R
Revenue			
Contribution from members		143,914,082	134,752,284
Other income			
Discount received		165,551	141,091
Administration fees		1,808,910	2,482,919
Sundry revenue		129,707	2,887,527
Interest received		3,821,853	5,768,302
		5,926,021	11,279,839
Expenses (Refer to page 23)		(149,729,333)	(145,817,868)
Operating profit		110,770	214,255
Finance costs		(110,770)	(214,255)
Profit for the year		-	-

DETAILED INCOME STATEMENT continued

for the year ended 31 December 2020

Notes	2020 R	2019 R
Operating expenses		
Administration and management fees	(163,118)	(163,118)
Advertising	(156,855)	(128,555)
Auditors' remuneration	(688,796)	(809,832)
Bad debts	(449,576)	(385,527)
Bank charges	(64,010)	(68,751)
Cleaning	(502,825)	(514,181)
Consulting and professional fees	(11,087,585)	(12,199,918)
Depreciation, amortisation and impairments	(1,118,813)	(2,700,454)
Employee costs	(117,358,195)	(105,929,476)
Entertainment	(1,951)	(27,986)
Other expense	(502,962)	(523,595)
Fuel cell maintenance	(226,353)	(258,904)
Conferences and seminars	(1,021,325)	(2,233,467)
Committee expenses	(140,406)	(476,598)
Other project expenses	(13,830)	(432,494)
Sundry expenses	(6,529)	(292,642)
Subscription overs and unders	-	1,571,143
Sponsorships	(174,323)	(72,859)
Insurance	(832,468)	(776,059)
Lease rentals on operating lease	(1,817,817)	(1,650,880)
Legal expenses	(236,616)	(345,658)
Magazines, books and periodicals	(372,965)	(474,470)
Municipal expenses	(1,906,553)	(2,138,479)
Gas	(465,091)	(700,743)
Placement fees	-	(135,000)
Postage	(22,770)	(20,595)
Printing and stationery	(543,493)	(1,146,890)
Repairs and maintenance	(3,190,357)	(2,836,292)
Security	(1,154,684)	(1,054,755)
Software expenses	(1,287,687)	(1,164,184)
Subscriptions	(2,445,337)	(2,313,861)
Telephone	(500,361)	(562,836)
Training	(772,989)	(864,665)
Travel - local	(422,689)	(2,252,610)
Travel - overseas	(80,004)	(1,732,677)
	(149,729,333)	(145,817,868)

APPENDIX A

(Refer to Note 8)

Project funds	R	Organisation	
		2020 R	2019 R
Advocacy for occupational health		692,956	258,479
Balance at 31 December 2019	258,479		
Received	2,450,000		
Expenditure	(2,015,523)		
Balance as at 31 December 2020	692,956		
Minerals Council certificates		1,982,682	2,273,812
Balance at 31 December 2019	2,273,812		
Additional Income*	1,534,419		
Expenditure	(1,825,549)		
Balance as at 31 December 2020	1,982,682		
Study on mortality		675,440	263,440
Balance at 31 December 2019	263,440		
Received	700,000		
Expenditure	(288,000)		
Balance as at 31 December 2020	675,440		
Fire prevention peer review		1,753,001	1,869,026
Balance at 31 December 2019	1,869,026		
Received	-		
Expenditure	(116,025)		
Balance as at 31 December 2020	1,753,001		
Impact of carbon tax		-	473,835
Balance at 31 December 2019	473,835		
Received	(365,253)		
Expenditure	(108,582)		
Balance as at 31 December 2020	-		
Mining modernisation		51,599	51,599
Balance at 31 December 2019	51,599		
Received	-		
Expenditure	-		
Balance as at 31 December 2020	51,599		
Epidemiology study for former mineworkers		2,925,916	950,305
Balance as at 31 December 2019	950,305		
Expenditure	(3,024,389)		
Income	5,000,000		
Balance as at 31 December 2020	2,925,916		
Junior and Emerging Miners' Desk		1,600,000	-
Balance at 31 December 2019	-		
Received	1,600,000		
Balance as at 31 December 2020	1,600,000		

APPENDIX A continued

(Refer to Note 8)

Project funds	R	Organisation	
		2020 R	2019 R
CEO-led Khumbul'ekhaya		748,647	-
Balance at 31 December 2019	-		
Received	5,580,000		
Expenditure	(3,731,816)		
Income transferred (to)/from and credit notes	(1,099,537)		
Balance as at 31 December 2020	748,647		
Industry alignment for TMM collision management		2,131,994	-
Balance at 31 December 2019	-		
Received	2,200,000		
Expenditure	(68,006)		
Balance as at 31 December 2020	2,131,994		
Women in Mining		89,865	-
Balance at 31 December 2019	-		
Received	800,000		
Expenditure	(710,135)		
Balance as at 31 December 2020	89,865		
Promoting modernisation through communication		879,390	-
Balance at 31 December 2019	-		
Received	1,200,000		
Expenditure	(320,610)		
Balance as at 31 December 2020	879,390		
Mining innovation co-investment operational		1,672,553	-
Balance at 31 December 2019	-		
Income	3,000,000		
Expenditure	(1,327,447)		
Balance as at 31 December 2020	1,672,553		
Strategic communication		2,248,287	2,655,631
Balance at 31 December 2019	2,655,631		
Received	-		
Expenditure	(407,344)		
Balance as at 31 December 2020	2,248,287		
Just transition assessment		1,328,000	2,000,000
Balance as at 31 December 2019	2,000,000		
Received	-		
Expenditure	(672,000)		
Balance as at 31 December 2020	1,328,000		

APPENDIX A continued

(Refer to Note 8)

Project funds	R	Organisation	
		2020 R	2019 R
Legal expenses		257,478	7,490,296
Balance as at 31 December 2019	7,490,296		
Received	4,950,000		
Expenditure	(12,182,818)		
Balance as at 31 December 2020	257,478		
Develop funding and governance models		-	110,967
Balance as at 31 December 2019	110,967		
Project closed	(110,967)		
Balance as at 31 December 2020	-		
Mapping the mining innovation ecosystem		-	114,474
Balance as at 31 December 2019	114,474		
Received	-		
Project closed	(114,474)		
Balance as at 31 December 2020	-		
Minerals Council regional presence		3,427,334	101,941
Balance as at 31 December 2019	101,941		
Received	5,430,000		
Expenditure	(2,104,607)		
Balance as at 31 December 2020	3,427,334		
Assessment of the brand health of the Minerals Council		887,780	887,780
Balance as at 31 December 2019	887,780		
Expenditure	-		
Project closed	-		
Balance as at 31 December 2020	887,780		
Development of rehabilitation practices		1,366,850	1,385,800
Balance as at 31 December 2019	1,385,800		
Received	-		
Expenditure	(18,950)		
Balance as at 31 December 2020	1,366,850		
Industry reconciliation process		1,890,565	437,015
Balance as at 31 December 2019	437,015		
Received	2,900,000		
Expenditure	(1,446,450)		
Balance as at 31 December 2020	1,890,565		
Transformation		657,182	710,756
Balance as at 31 December 2019	710,756		
Expenditure	(53,574)		
Project closed	-		
Balance as at 31 December 2020	657,182		

APPENDIX A continued

(Refer to Note 8)

	R	Organisation	
		2020 R	2019 R
Project funds			
People-centric collision management		-	870,743
Balance as at 31 December 2019	870,743		
Expenditure	(583,297)		
Project closed	(287,446)		
Balance as at 31 December 2020	-		
Modernise data and information		1,667,501	984,071
Balance as at 31 December 2019	984,071		
Received	1,500,000		
Expenditure	(816,570)		
Balance as at 31 December 2020	1,667,501		
Mining innovation co-investment model		6 495 315	22,083,966
Balance as at 31 December 2019	22,083,966		
Received	8,500,000		
Expenditure	(21,088,651)		
Income transferred	(3,000,000)		
Project closed	-		
Balance as at 31 December 2020	6,495,315		
Strategic partnership for people-centred modernisation		-	-
Balance as at 31 December 2019	-		
Received	4,300,000		
Expenditure	(4,600,752)		
Income	-		
Project closed	300,752		
Balance as at 31 December 2020	-		
Project funding recovery		3,781,017	3,781,017
Balance as at 31 December 2019	3,781,017		
Severance bonus paid	-		
Balance as at 31 December 2020	3,781,017		
This amount primarily relates to the recovery from the Minerals Council's insurers, of irregular expenditure that occurred in previous financial years. This funding will be utilised for future projects.			
		39,211,352	49,754,953
Summary			
Balance at beginning of period		49,754,953	52,212,860
Project income		42,110,000	54,530,000
Additional project income*		5,434,882	3,484,742
Project expenditure		(58,088,483)	(60,472,649)
Balance at end of period		39,211,352	49,754,953

* Additional income related to income from other sources, over and above the approved budget for the period recovered from members.

CONTACT DETAILS AND ADMINISTRATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

A voluntary employers' organisation tasked with lobbying and advocacy to achieve a policy, legislative, and governance framework, that is widely supported and that will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

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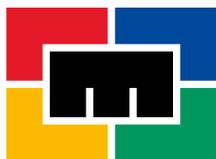
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