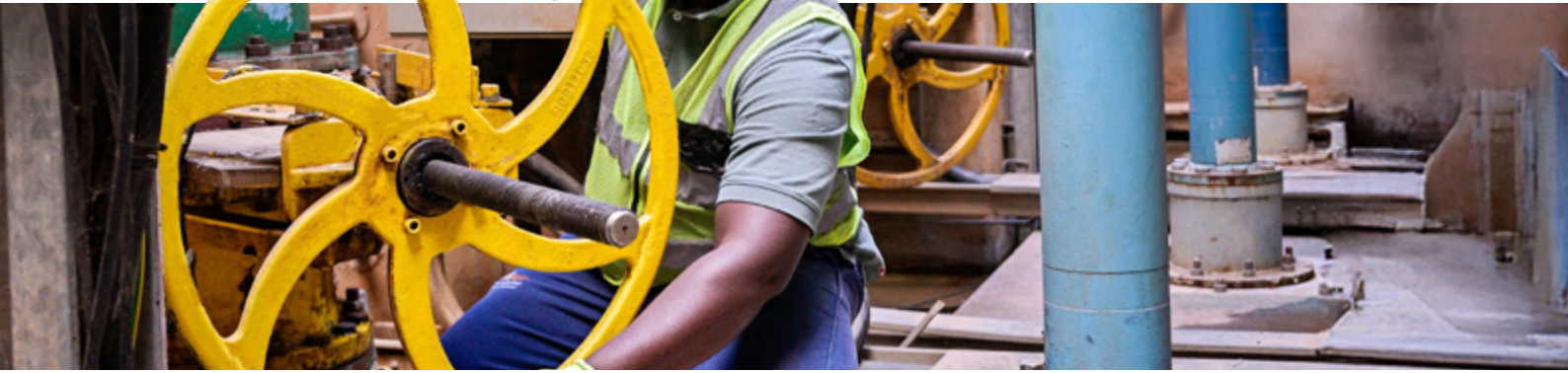


2025



Laying the foundation for growth

**INTEGRATED ANNUAL REPORT,
BUSINESS AND PROJECT PLAN**

FOR THE YEAR ENDED 30 JUNE 2025



Laying the foundation for growth

INTEGRATED ANNUAL REPORT, BUSINESS AND PROJECT PLAN


FOR THE YEAR ENDED 30 JUNE 2025



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 *Khutso Sihlangu (l), Head of Engineering and Reliability, and Lewis Mishone (r), from IV Solace, inside the Havercroft Pump Station.*

Introduction

About this report

We are pleased to present the first Integrated Annual Report of the Badirammogo Water User Association (“the Association”) for the period 1 July 2024 to 30 June 2025. Formerly known as the Lebalelo Water User Association, the Association has entered a new phase of its journey, underpinned by an expanded mandate, a new identity and a renewed focus on collaborative water resource management.

This report provides a transparent and balanced account of our performance during the review period, in which the foundations were laid for the Association’s future growth through the Olifants Management Model Programme (OMMP). It outlines how we are fulfilling our statutory and strategic obligations in the short, medium and long term, while we continue pursuing our purpose of improving lives through water.

The report also reflects our understanding of the dynamic operating environment in which we function, and how internal and external factors influence our ability to create sustainable value for our stakeholders. It further demonstrates our ongoing commitment to organisational agility, a strong performance culture and strategic responsiveness – ensuring that the Association remains fit-for-purpose as it grows into its expanded role.

Reporting principles

As a legal entity established in terms of the National Water Act, 1998 (Act 36 of 1998), the Association is not required to produce an integrated annual report. Nonetheless, we voluntarily follow recognised reporting standards to promote accountability, transparency and good governance.

This report aligns with the requirements of the National Water Act and the Association’s Constitution. It is informed by the principles of the Integrated Reporting (<IR>) Framework of the International Sustainability Standards Board (ISSB), and the King IV™ Code on Corporate Governance, 2016 (King IV).

The Association’s Annual Financial Statements (AFS), prepared in accordance with International Financial Reporting Standards for SMEs (IFRS), are independently assured by SNG Grant Thornton, and provide a detailed account of our financial position and performance. The AFS are of interest primarily to our Members, who are essentially our equity and debt investors, commercial and institutional funders (or would-be-funders), regulators, and various other stakeholders. The information disclosed therein can be used to assess the Association’s financial performance, strength and resilience, and includes statutory and good practice risk and regulatory disclosures.

Introduction continued

Target audience and materiality

This report is primarily intended for stakeholders with a vested interest in the Association's performance, governance, short, medium and long-term sustainability and future plans. However, given its comprehensive coverage of our stakeholder engagement and the implementation of the OMMP, we believe it will also be of interest to a much broader audience.

We apply materiality to determine the scope and content of our report to include issues that the Management Committee,

sub-committees and management consider to be material to our Association, and which could impact our future ability to create and sustain value. This approach ensures that the report provides stakeholders with useful information to make informed decisions.

We identify material matters through engaging with various stakeholders, as outlined on pages 53 through 55 of this report, including our Members, the regulators, including the Department of

Water and Sanitation (DWS), financiers, Traditional Authorities and doorstep communities, municipalities, Water Service Authorities and Providers, employees and suppliers and by assessing our risks and opportunities in our operating environment.

The material matters inform our strategies as well as the short, medium, and long-term targets to which we hold ourselves accountable in delivering our strategies.

Assurance and quality

The Association's assurance framework is designed to deliver the most effective, cost-efficient and integrated assurance across the Association. It applies both top-down and bottom-up methodologies, aligned with the principles of King IV™, to ensure adequate oversight of key risks and processes. This approach supports a robust internal control environment and enhances the reliability of information used by both management and stakeholders.

In support of this framework, the Association has developed and implemented an in-house Integrated Management System (IMS) that aligns operational processes with international best practice. The IMS consolidates standards for quality, environmental management, occupational health and safety as well as risk, thereby strengthening governance and embedding a culture of continuous improvement.

Building on this foundation, the Association has continued to advance the development of its IMS, this is evidenced by our being awarded NOSA 5-Star Platinum status in December 2024 and maintaining our certification to ISO 9001: Quality Management, ISO 14001: Environmental Management and ISO 45001: Health and Safety Management, reflecting a strong commitment to quality, safety and sustainability. Outside of the reporting period, the Association also notably achieved compliance with three new standards (ISO 37101: Sustainable Development in Communities, ISO 50001: Energy Management and ISO 55001: Asset Management) via an external, second-party audit in August 2025. These milestones are unprecedented for an institution of our size in both the public and private sectors, and provide further assurance to stakeholders that the Association is managed in line with recognised international standards and that we are committed to operational excellence. Quality is discussed in further detail on page 32.

Forward-looking statements

This report may include forward-looking statements based on expectations, forecasts and assumptions available at the time of writing. These statements are not guarantees of future performance and should not be regarded as definitive. They are subject to a range of risks and uncertainties, including unforeseen developments or changes in context.

While every effort has been made to ensure the accuracy and completeness of these statements, actual outcomes may differ materially. The Association is under no obligation to update or revise any forward-looking statements after the publication of this report.

Approval

The Association acknowledges its responsibility for ensuring the integrity and completeness of this report. The Finance Committee (FinCom), acting on behalf of the Management Committee (ManCom), has applied its collective judgment in reviewing this report and providing oversight of its development. ManCom is satisfied that the report complies with applicable frameworks, addresses all significant matters, and presents a fair and balanced view of the Association's performance for the period under review.

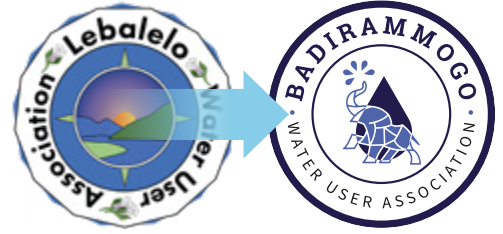
This report was formally approved by ManCom on 21 October 2025.

Contact details and feedback

We remain committed to producing concise, transparent and meaningful disclosures. We welcome written feedback and comments from our stakeholders on this report or any other general concerns.

Please send your comments to:
info@bwua.org.za

10 things to know about the Association in 2025



1

We have changed our name.

Lebalelo Water User Association is now *Badirammogo* Water User Association – Badirammogo is a Sepedi word meaning “working together.”



It is more than just branding.

Our new name reflects a broader role as a strategic infrastructure partner and our transformation through the OMMP.

2

3

We are expanding our mandate.

From bulk raw water provision to include the construction of potable water infrastructure through the OMMP.



But our core mission remains.

To deliver sustainable, efficient and cost-effective bulk raw water.

4

5

We are enabling socio-economic growth.

Infrastructure that supports communities and livelihoods.



We lead through collaboration.

Collaborating with Government, the private sector and local stakeholders.

6

7

We are building trust through action.

Responsible, transparent and community-focused delivery.



Sustainability is our foundation.

Guided by ESG principles and long-term resilience.

8

9

We are setting a new benchmark.

A scalable public-private collaboration model for regional linear and utility infrastructure delivery across South Africa.



This is just the beginning.

Our transformation positions us to do even more together.

10



Introduction continued

How the Association was established

Badiramмого Water User Association was established as Lebalelo Water User Association through Government Notice 89 in Government Gazette 23053. On 16 May 2025, the Minister of Water and Sanitation gazetted the Association’s new constitution, name as well as the changed and expanded mandate. The aforesaid 2025 amendments formally expanded both the Association’s mandate and its membership base, laying the foundation for our transformation into a 50:50 public-private collaboration between Commercial Members (mines and industrial water users) and Institutional Members (represented by DWS). The amendments also marked a distinct shift in our vision, mission and mandate, while staying true to our singular purpose, which is ‘improving lives through water’.

A brief history of the Association

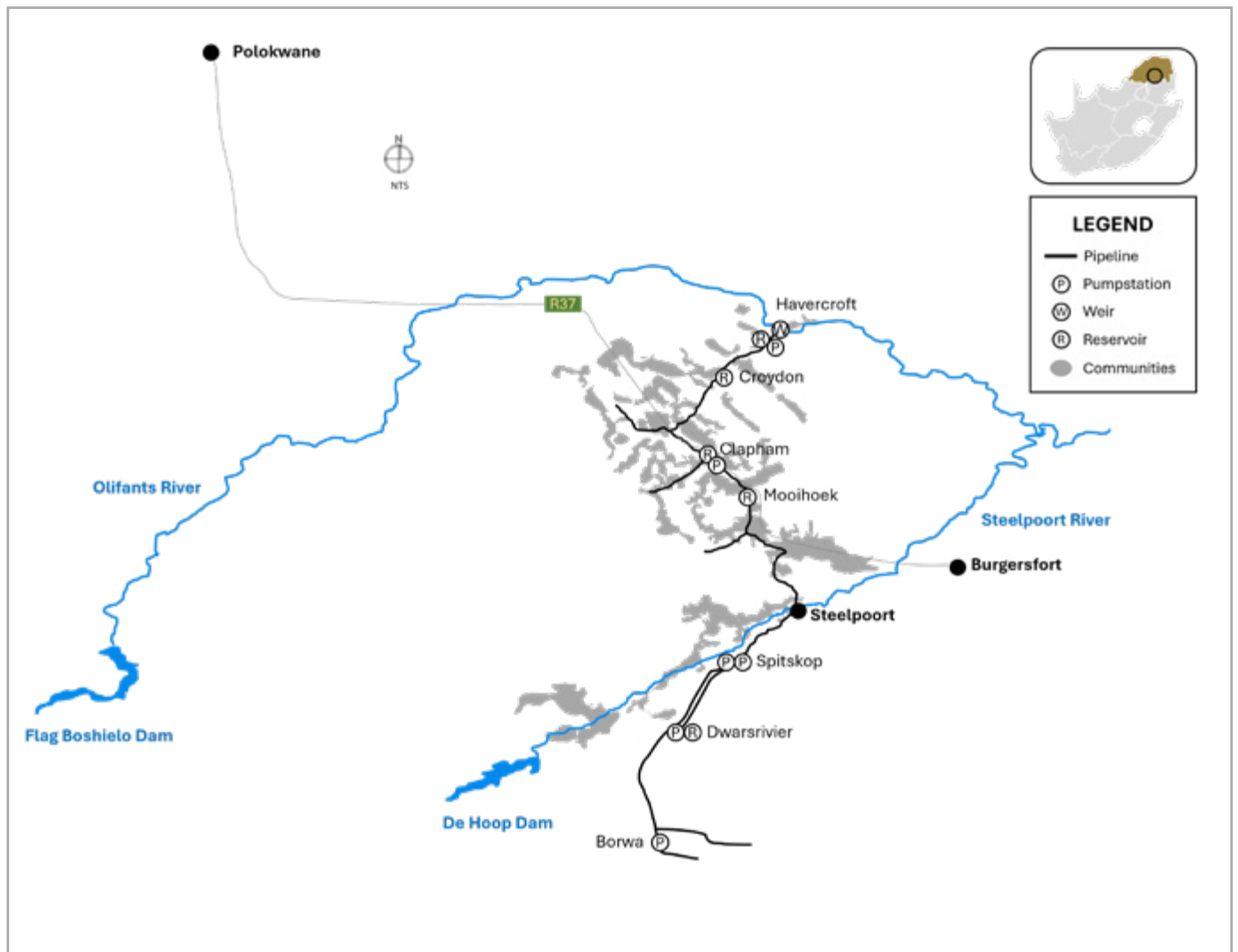
As stated above, the Association was established in 2002 to provide bulk raw water to mines, primarily Platinum Group Metals (PGM) and chrome mining companies, and to doorstep communities, through the DWS, in the Eastern Limb of the Bushveld Igneous Complex in Limpopo, South Africa.

Since its establishment, the Association has self-financed, built, operated and maintained its bulk raw water infrastructure scheme, achieving over two decades of uninterrupted supply with minimal water losses. Our infrastructure now spans 125 km from the Olifants River, passing along various mining operations and communities, down to Valterra Platinum’s Mototolo Mine. This infrastructure traverses numerous

communities within the Sekhukhune District Municipality (SDM) and includes reservoirs, settling dams and pump stations critical to ensuring consistent and reliable water delivery to our Members. The map below illustrates the Association’s operational footprint.

Our story began in the 1990s, when Government and industry sought solutions for water scarcity in the Eastern Limb. An agreement was reached to create a water user association, licensed to abstract underutilised irrigation allocations and tasked with funding and building the infrastructure. The ‘Lebalelo Scheme’ was completed in 2002, on time and within budget. Provision was also made for communities along the

Association infrastructure map



route to benefit through water access. Key milestones since then include the completion of Southern Extension 1 (2007) and the delivery of Southern Extension 2 Phase 1 (2024) within the original budget and the approved time schedule.

Today, the Association stands at the threshold of its most ambitious undertaking, the commencement of construction of the R25 billion Olifants Management Model Programme (OMMP). The gazetting of our amended constitution by the Minister of Water and Sanitation on 16 May 2025 confirmed the transformation of the Association's role through the OMMP, effectively laying the foundation for the future growth of the Association.

This transformation includes the expansion of the Association's area of operation (into the Northern Limb of the Bushveld Igneous Complex) and the broadening of the Association's mandate, beyond bulk raw water provision, to include the construction of potable water and reticulation infrastructure for more than 390 000 community members across the Sekhukhune District Municipality (SDM) and Mogalakwena Local Municipality (MLM), the inclusion of new Institutional and Commercial Members and the abstraction of water from the De Hoop Dam (in addition to the Flag Boshielo Dam). It is important to note that the obligation of providing potable water lies within the Constitutional mandate of

Municipalities (as Water Service Authorities or WSAs) who may, in terms of the Water Services Act, delegate the power of potable water delivery to communities through Water Service Providers (WSPs) such as the Lepelle Northern Water Board (LNW).

While the Association will not be responsible for the operation or maintenance of potable water infrastructure (this remains with the relevant WSA or WSP), we will continue to finance, build, operate and maintain bulk raw water infrastructure.



 Havercraft Operations Headquarters in Modubeng, Limpopo.

Introduction continued

Key moments in the Association's history





9 May 2022

National launch of the OMP by the Minister of Water and Sanitation at the Mining Indaba



27 October 2022

Community launch in Ga-Malekana by Minister of Water and Sanitation and sod-turning at Spitskop Pump Station signal start of construction of OMP



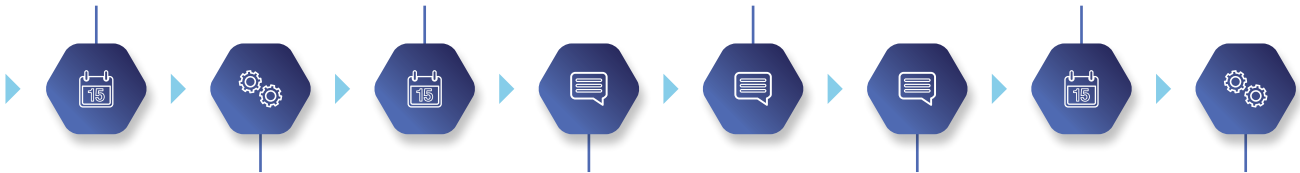
26 April 2024

Commissioning of Southern Extension 2 Phase 1 by the Minister of Water and Sanitation



16 May 2025

Gazetting of the Association's amended constitution by the Minister of the Water and Sanitation



29 September 2022

At the Annual General Meeting, Members recommend amendments to the Constitution for the Minister's approval and support amendments to the Members' Agreement

25 July 2023

Minister of Water and Sanitation approves the amended constitution and the new name; *Badirammogo*.

28 November 2024

At the Annual General Meeting, Members approve the OMP Full Business Case Report and Contract Strategy, Stage 1 OMP Final Investment Decision and the establishment of a Special Purpose Vehicle (Lebalelo Regional Water)

6 June 2025

Special General Meeting resolutions confirm the Association's transformed governance structure and the election of a new equally representative Management Committee



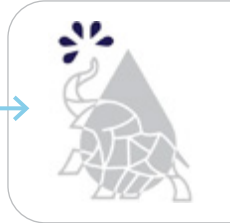
Introduction continued

Our new logo

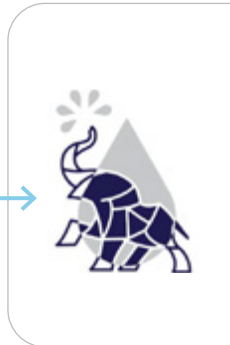
Badirammogo is a Sepedi word that means working together or collaboration. The Association's new logo represents our expanding role in the water sector and the collaboration between our Members from the private sector and Government, as we work together to achieve our common goals.



The symbolism attached to each element of the logo is unpacked below.



The five smaller droplets emerging from the elephant's trunk represent the Association's five values: Safety, Collaboration, Integrity, Empowerment and Sustainability (see the 'Our values' section for more information on our new values).




The elephant in the logo icon symbolises strength, power, wisdom, stability, loyalty and determination. Elephants show great care towards their herd, offspring and elders, and also other animals. In their continuous search for clean water sources, they are known to dig for and find water in dry, sandy riverbeds, often to the benefit of other animals in need of fresh water. The elephant also represents the origin of the Association, with reference to the Olifants catchment area.



The main water drop that sits behind the elephant in the logo is a combination of a 'point-up' triangle on top of a circle. The triangle represents a balance in power and a strong foundation, and the circle represents unity and longevity.



 The Havercroft Weir on the Olifants River.

Our purpose

Improving lives through water – enhancing the quality of life where we work and live.

Our vision

To be a strategic infrastructure partner in the development, implementation and operation of sustainable economic expansion in the regions we operate in.

Our mission

The Association's mission is to support regional economic growth by providing bulk raw water to our Members and stakeholders, enabling water providers to supply potable water, and constructing regional linear and utility infrastructure, based on proven principles, in a cost-effective, efficient, sustainable, responsible and timely manner.

Our values

The Association's core values, represented by the five smaller droplets emerging from the elephants trunk, form the basis of our culture:

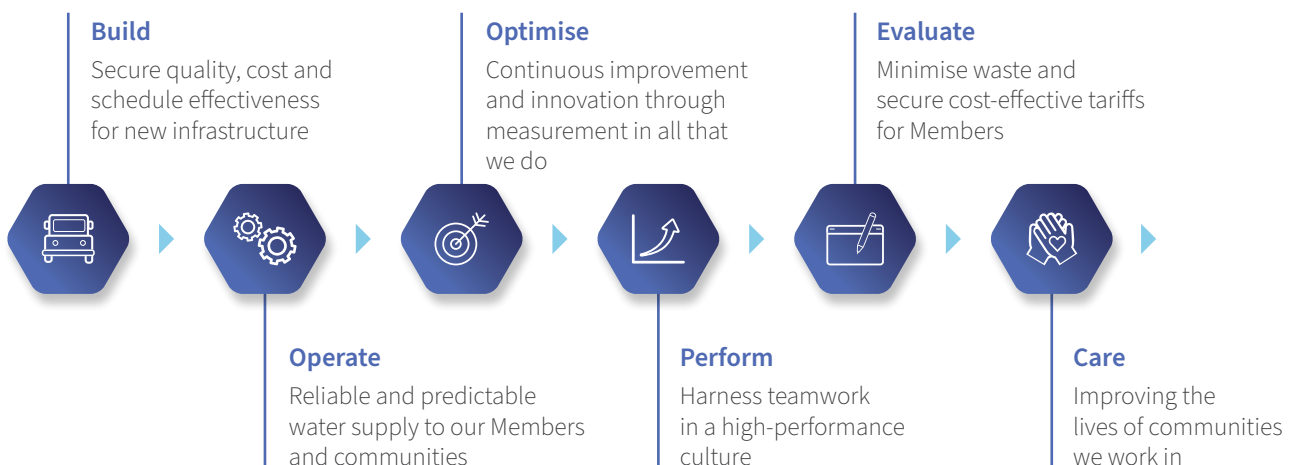
- **Safety:** We instil a culture of *safety first* that underpins all our activities;
- **Collaboration:** We work closely with our stakeholders to reach collective goals;
- **Integrity:** We are open, honest and ethical in our actions, doing the right thing even when no one is watching;
- **Empowerment:** We enable people to reach their full potential; and
- **Sustainability:** We manage our resources in line with environmental, social and governance (ESG) principles so that we meet our present needs without compromising the needs of future generations.

Our value chain

As the Association, we build, operate and optimise to create value and meaningful impact through our values, ensuring that we incorporate lessons learnt through a self-reinforcement strategy.

Our membership

The Association's value chain



Introduction continued

The Association was established on 1 February 2002 in accordance with the provisions set out in Chapter 8 of the National Water Act of 1998 (Act 36 of 1998). This establishment adhered to specific sections and schedules of the Act, including Schedule 4 (Management and Planning of Water Management Institutions) and Schedule 5 (Model Constitution of Water User Association).

Membership of the Association is granted to entities meeting specific legislative criteria. This includes those who are entitled to use water in accordance with a licence issued under Section 41 of the National Water Act or those with a lawful existing use as outlined in Section 32 of the Act. This right can be exercised from water sources and facilities controlled by the Association, subject to the organisation's admission as Members, as stipulated in the Constitution and Members' Agreement or in terms of an Offtake Agreement with the Association.

Following the gazetting of our amended constitution, the Association's membership is now divided into two differently-named categories (which were formerly known as Industrial and Ordinary Members):

- **Commercial Members:** Those whose principal business is mining or industrial and who intend to use water for industrial-related purposes; and
- **Institutional Members:** Those who plan to use water for non-industrial and non-mining purposes.

Members of the Association and their representatives in the Association are outlined in the tables below:

Institutional Members

Company / Institution	Representative
Department of Water and Sanitation (DWS)	Dr R Mathye
Department of Water and Sanitation (DWS)	Ms L.T. Kobe
Lepelle Northern Water Board (LNW)	Dr C Ruiters
Sekhukhune District Municipality (SDM)	Mr M Kgwale
Mogalakwena Local Municipality (MLM)	Mr M Maluleka

Note: DWS and LNW have nominated MLM and SDM to be represented within the Association's governance structures.

Commercial Members

Company / Institution	Representative
Rustenburg Platinum Mines	Dr G Maluleke
Valterra Platinum	Mr P Moodliar
Samancor Chrome	Ms H Booyesen
Marula Platinum Mine (Impala Platinum)	Mr A Heydenrych
Modikwa Platinum Mine (African Rainbow Minerals)	Mr J Jansen
Northam Platinum (Booyesendal)	Ms S Mulder
Tubatse Alloy	Ms H Booyesen
Corridor Mining Resources	Mr E Senyolo
Kadoma Investment Industries	Mr I Botha
Nkwe Platinum	Ms L Yin

Strategic overview

Chairperson's report



Mr. Prakashim Moodliar
Chairperson

Foreword

It is a great honour to report to you as a stakeholder of the Association, on the work undertaken during the reporting period.

Firstly, I would like to begin by expressing ManCom's and my deepest sadness at the passing of Dr Paul Nel from DWS during the period under review. Dr Nel served with unwavering dedication for many years and brought a wealth of expertise, particularly in finance and the water sector. We were privileged to serve alongside him on the Finance Committee (FinCom) during the last financial year, where his studious and detail-orientated nature enriched our work and strengthened the Association. We thank him for his exemplary service and extend our condolences to his family, wishing them strength and fortitude in this difficult time.

Secondly, I also would like to thank Craig Stockill who was, for many years, my alternate both on ManCom and FinCom. Craig, who left Valterra Platinum in July 2025, was an integral part of the Association for many years and provided invaluable advice and oversight, particularly on financial and social development matters.

I am also grateful to Johan Jansen, who handed over the baton of leadership to me on 6 June 2025. As Chairperson of ManCom, Johan oversaw significant and lasting changes at the Association, most notably the final step in our transformation from Lebalelo to Badirammogo Water User Association. This transformation he presided over has expanded our scope and mandate from being a supplier of bulk raw water, primarily to mining and industrial users, to becoming the embodiment of a 50:50 public-private collaboration between Government and the private sector.

The Association has become a model for public-private collaboration in South Africa, in which doorstep communities will ultimately benefit through clean water, job opportunities and socio-economic development.

The transformation has been a long and arduous journey, but with the support of our Members and the DWS, as well as the exceptional leadership of our ManCom Members, including Johan, it has finally come to pass. On behalf of ManCom, I thank Johan for his dedication and guidance over the years, and look forward to his continued contribution to the Association as a member of ManCom.

Safety: A Foundation for Trust

The Association's achievements in safety during the year reaffirm the values that underpin our transformation. In December 2024, we achieved a NOSA 5-Star Platinum grading.

This recognition places us amongst the best performers nationally in safety, health, environment and quality management. At the same time, we successfully retained our ISO certifications in 9001 (Quality), 14001 (Environment) and 45001 (Occupational Health and Safety). These outcomes are not only operational milestones but also critical to our social licence to operate. They assure our stakeholders, including government, industry and doorstep communities, that we conduct our operations responsibly, sustainably and with zero compromise on safety.

In August 2025, the Association further strengthened its governance and sustainability credentials by achieving compliance with ISO 50001 (Energy Management), ISO 55001 (Asset Management) and ISO 37101 (Sustainable Community Development). These achievements underscore our commitment to responsible growth and provide a strong foundation for the infrastructure delivery that lies ahead.

Strategic overview continued

Chairperson's report



A Defining Milestone

We reached a defining milestone on 16 May 2025, when the Minister of Water and Sanitation, Ms Pemmy Majodina, gazetted our new constitution and name. This step, coming six months after the completion of the OMMP's study phase, unlocks the path towards financial close and the construction phase of the first stage of the OMMP. The OMMP represents:

- A transformation of the Association from a bulk raw water supplier to a collaborator with Water Services Authorities in providing potable water infrastructure to an estimated 390 000 people across the Northern and Eastern Limbs of the Bushveld Igneous Complex in Limpopo;
- A R25 billion investment programme, creating direct, indirect and induced employment for more than 42 000 people for the duration of the programme; and
- A commitment of R170 million to socio-economic development initiatives, including the OMMP's flagship School Upgrade Programme (SUP), which provides a number of local primary schools with low-flush ablution facilities with on-site wastewater treatment facilities, interactive learning whiteboards, containerised library and computer room facilities, solar power, Wi-Fi and other resources to improve learning conditions.

Strengthening Governance

To support our transformation, we reconstituted our ManCom to nine members, including four members representing Commercial Members, and four members representing Institutional Members of the Association, plus the CEO as an *ex officio* member, with members nominated for their expertise in water, mining, governance, finance, engineering and socio-economic development. We also created specialist sub-committees to assist with project management and project finance, reflecting both the complexity and scale of the OMMP. Lastly, a new organisational structure has been approved, enabling the Association to meet the demands of our growth and the OMMP rollout.

This period also saw the commencement of our rebranding journey, introducing a new name, logo and website. The term *Badirammogo*, reflects both our transformation and our philosophy. By working together as government, business and communities, we aim to showcase how public-private collaboration can deliver tangible results for all stakeholders.

Socio-Economic Development

We are particularly proud of our socio-economic development initiatives, which saw more than R14 million invested during the reporting period. Highlights include:


- Upgrading four schools, through the OMMP's SUP, across the Mogalakwena Local and Sekhukhune District Municipalities;
- Supporting 21 Early Childhood Development centres in the Steelpoort area, in partnership with Participate Envision Navigate (PEN), through training and coaching support; and
- Installing 72 interactive whiteboards across 15 schools, with 55 teachers trained in their use.

These initiatives reflect our commitment to uplifting communities where we operate and demonstrate the tangible benefits of our transformation.



 Newly-built infrastructure at Mampuru 2 Primary School in Steelpoort.

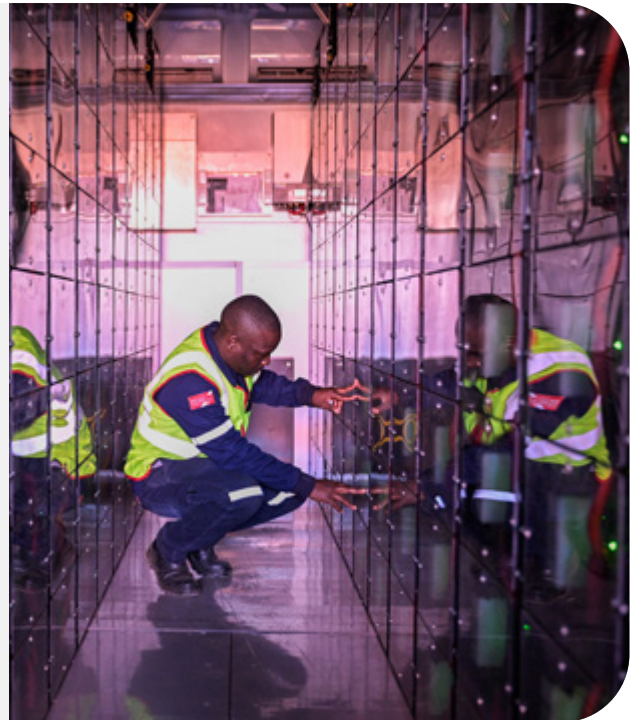



 The Olifants River.

Powering Reliable and Affordable Water Supply

Water and energy are inseparable. Rising electricity costs and unreliable rural grid connections directly threaten our ability to deliver water affordably and consistently. In response, we have pioneered the Regional Energy Infrastructure, Storage and Distribution Programme – a R26.5 billion initiative that will provide the long-term energy solution required by the OMMP to secure predictable tariffs and safeguard water reliability.

As the energy market moves towards open trading, this initiative has drawn strong interest from funders. Its priority selection by Infrastructure South Africa, announced by President Ramaphosa at SIDSSA25 in May 2025, underscores our leadership in linking innovative energy solutions directly to our core mission: delivering reliable water across the region.



 Dimpho Mohubedu, Artisan Assistant, inside the Battery Energy Storage System at Clapham Pump Station.

Looking Ahead

Despite these achievements, we remain mindful of the broader uncertain macroeconomic environment. Challenges such as unemployment, volatility in the Platinum Group Metal basket price and the impact of new trade tariffs imposed on South African exports by the United States of America weigh heavily on the economy. While the PGM industry is currently exempt from these tariffs, and has been bullish in the past couple of months, we are concerned about potential job losses in the manufacturing, automotive and agricultural sectors.

Nevertheless, we are confident that the OMMP will position the Association as a catalyst for economic growth, water security and social upliftment in the areas of our current and future operations.

In closing, I extend my gratitude to the Association's Members, the Department of Water and Sanitation, Lepelle Northern Water Board, Sekhukhune District Municipality, Mogalakwena Local Municipality, traditional leaders and our doorstep communities for their continued support and collaboration.

I would also like to thank our CEO, Dr Kobus Duvenhage, who has already demonstrated strong leadership since his appointment in January 2025. His focus on operational excellence and delivery will be critical as we enter our next phase and continue to deliver on our purpose: *Kaonafatšo ya maphelo ka meetse* – improving lives through water.

Mr. Prakashim Moodliar
Chairperson

Strategic overview

Chief Executive Officer's report



It is an honour to present my first report as Chief Executive Officer of the Association. I would like to thank my predecessor, Bertus Bierman, for his seamless handover and ongoing guidance. To ensure continuity in the Association's journey, Bertus remains connected to the Association as a Strategic Advisor, Sponsor of the OMMP and Managing Director of Lebalelo Regional Water, our wholly-owned Special Purpose Vehicle, which was created to house the new-build assets for the OMMP, as required by the programme funders.

In Memoriam

It is with deep sadness that we acknowledge the passing of two valued colleagues, Raymond Miller and Kenneth Moloto. Raymond, who passed away in September 2024, and Kenneth, who passed in August 2025, both served the Association with dedication, professionalism and heart. Their contributions, friendship and commitment to our purpose will be remembered with gratitude. A fuller tribute is included in the In Memoriam section at the end of this report.

Safety: Performance and Delivery

During the reporting period, the Association reinforced the centrality of safety to our operations and culture. Achieving NOSA Five-Star Platinum status in December 2024 and retaining certification to ISO 9001, 14001 and 45001 are milestones that reflect the dedication of our teams to rigorous safety, health and environmental standards.

Expanding into the Future

In August 2025, the Association achieved compliance with ISO 50001, 55001 and 37101, strengthening our capacity in energy management, asset management and sustainable development. These achievements position us to embed best practices and to be ready for rapid expansion as the OMMP enters execution.



Beyond compliance, we implemented practical measures that strengthen safety culture and performance. The launch of the SafetyCulture digital platform in February 2025 enabled us to phase out paper-based systems, streamline inspections and improve responsiveness to potential risks. Employee training was expanded, with over 60 staff completing safety, health and quality courses during the year.

We also deepened our focus on employee health and well-being through targeted training and wellness initiatives. These programmes included confined space, first aid, firefighting and evacuation training, alongside annual medical check-ups conducted by an independent service provider. In addition, the Association hosted a wellness day at the Havercroft operations centre, offering health screenings, counselling and financial literacy training. These initiatives demonstrate our holistic approach to safety, protecting not only our people and operations but also the environment and communities where we work.

While we recorded a Lost Time Injury Frequency Rate of 0.67, due to a single, minor incident in December 2024, there were no major safety, health or environmental incidents during the reporting period.

Laying the Foundation

The year under review was defined by laying the foundation for the Association's future growth. As highlighted by the Chairperson, the gazetting of our new constitution and name on 16 May 2025 unlocked our transition, through the OMMP, from a bulk raw water supplier into a 50:50



Dr. Kobus Duvenhage
Chief Executive Officer

public-private collaboration capable of accelerating the development of both bulk raw and potable water infrastructure in Limpopo. It also formally expanded our area of operation to the Northern Limb of the Bushveld Igneous Complex. During the year, we prepared for financial close with funders and advanced the structures required to oversee and manage execution, including specialist governance committees and a strengthened programme management team.

We believe that the Association's public-private collaborative approach to the OMMP provides a scalable and replicable model for future infrastructure development in other sectors, including energy, transport and telecommunications. Our evolution from a conventional water user association into a strategic, multi-sector infrastructure enabler showcases the transformative potential of structured public-private collaboration.

Financial Performance

In the year under review, our financial performance underscored our transition into a growth trajectory. While there was a noted decline in non-core income, particularly following the conclusion of non-core services to DWS, this was offset by an 8% increase in core operating income, disciplined cost management interventions and prudent capitalisation of project-related expenditure.

Our total assets more than doubled to support our infrastructure development ambitions, while liabilities remained stable, resulting in an improved solvency rate of 17.5. As financial close and the construction phase of the OMMP draw closer, we anticipate its significant impact on our financial profile.

Operational Performance

Operationally, we delivered 9.4 million m³

of bulk raw water, the most we have supplied in the last four years, sustaining delivery despite electricity cost pressures. Electricity costs remain our single largest operating expense, with Eskom charges increasing by 35%. During the reporting period, the Association initiated an electricity usage optimisation project, exploring equipment upgrades, battery storage solutions and renewable energy wheeling to reduce consumption and costs. Further gains have come from shifting from standard to off-peak pumping times.

We also continued to prioritise maintenance of our bulk raw water infrastructure, to ensure a consistent supply of water to our Members. The number of job cards created and completed increased year-on-year, reflecting our renewed focus on operational excellence and risk reduction. Importantly, we sustained very low water losses, averaging 0.8% against a target of 2.6%, reinforcing our reputation for efficiency.



📷 John Mashabela, Security Manager, and Collins Monareng, Fitter, at the Havercroft Settlement Ponds.

Strategic overview continued

Chief Executive Officer's report



Havercroft Storage Dams

Driving Reliable Water Supply through Energy Innovation

Given the context of electricity being our single largest operating expense, compounded by Eskom's unpredictable tariffs and the vulnerability of rural grid connections that power our pump stations, the Association developed the Regional Energy Infrastructure, Storage and Distribution Programme – the OMMP's long-term solution for reliable and cost-effective energy supply.

In May 2025, this R26.5 billion initiative was selected by Infrastructure South Africa for priority preparation support under its first national Infrastructure Bid Window. This milestone reinforces the Association's ability to develop innovative, blended-finance solutions that ensure reliable water delivery at the lowest possible and most predictable tariff for our Members.

Investing in People

Transformation of our people was another defining feature of the year. 13 new employees were recruited, including in critical leadership positions that strengthened the Association's capacity in project management and service delivery. Our workforce now numbers 64 employees, with meaningful progress achieved in employment equity, particularly in top and senior management.

Socio-Economic Development

Our socio-economic initiatives expanded their impact during the review period. In addition to the Association's achievements mentioned in the Chairperson's report, we also:

- Continued with the provision of free Wi-Fi to learners at 10 schools, with further rollout planned;
- Expanded the Nal'ibali Reading Campaign, distributing thousands of reading materials and promoting a culture of literacy; and
- Continued training and mentorship

of SMMEs, as part of our supply chain development initiative.

Looking forward, R170 million will be invested in socio-economic development during the 10-year roll out period of the OMMP, underscoring our commitment to sustainable community development and ensuring our communities share in the benefits of the Association's growth.

Outlook

We have laid the foundation for sustainable growth, improved water security and meaningful social impact. The coming year will mark the start of OMMP execution, presenting a defining moment for the Association as we move from planning to delivery. Finalising financial close for the OMMP and commencing the construction phase will be critical milestones. The challenge ahead is significant, but with strong governance, sound financial footing, and committed collaborators, I am confident in our ability to succeed.

Finally, I would like to thank the team at the Association for their hard work and commitment to continuous improvement, which underpins the strong results reflected in this report. I also thank our Members, the Department of Water and Sanitation, the Sekhukhune District Municipality, the Mogalakwena Local Municipality, Lepelle Northern Water Board, as well as ManCom and its sub-committees for their unwavering dedication and support for our mission.

Together, we are positioned to deliver on the promise of *Badirammogo* – working together to improve lives through water.

Dr. Kobus Duvenhage
Chief Executive Officer

Business model

The Association's business model is anchored in the effective use of the six capitals. These capitals are the foundation of our strategy, driving our operations and creating value for our stakeholders. Each capital contributes to our ability to sustainably deliver on our purpose: improving lives through water.

Our core business activities centre around bulk raw water provision, infrastructure development, operations and maintenance, and socio-economic development. These are supported by functions such as governance, regulatory compliance, financial management, information technology and information management, infrastructure maintenance, stakeholder engagement and environmental sustainability. The table below reflects how we transformed these capitals through our activities and the outcomes we achieved during the year under review.

The six capitals and key outcomes

Capital type	How we use it	Key outcomes (FY2024/25)
Financial Capital	As a non-profit organisation, financial capital is essential to the Association's ability to sustain operations, maintain infrastructure and invest in development programmes. Our financial strength supports our ability to fulfil both our commercial and socio-economic commitments.	<ul style="list-style-type: none"> • Operating income: R191 million; • Operating expenses: R163 million; • Net surplus: R30 million; • Improved solvency ratio: 17.5; and • Improved liquidity ratio: 13.7.
Manufactured Capital	The Association's infrastructure is the backbone of our service delivery. Expanding and maintaining this infrastructure is critical to our reliable water provision.	<ul style="list-style-type: none"> • Increase in asset base; • Stable asset turnover: 0.07; • Improved operational reliability; • Continued investment in infrastructure development and maintenance; and • Augmentation of existing assets for improved capacity and efficiency.
Human Capital	Our people are at the core of our performance. We continue to invest in their growth, safety and well-being to build a motivated and high-performing team capable of executing our strategy.	<ul style="list-style-type: none"> • 64 employees; • 31% women employed; • Training spend: R1.7 million; • Zero fatalities since inception; and • Lost Time Injury Frequency Rate of 0.67.
Social And Relationship Capital	Our success relies on strong, trust-based relationships with stakeholders - government, commercial users, communities and collaborators. These relationships are crucial for effective collaboration and long-term impact.	<ul style="list-style-type: none"> • R12.2 million invested in OMMP SED initiatives, including the School Upgrade Programme, PEN ECD Programme; • R1.9 million invested in our SED initiatives, including the Nal'ibali reading campaign, interactive whiteboards for schools, teacher training and community Wi-Fi access; and • Growing brand recognition and reputation
Intellectual Capital	Our institutional knowledge, policies, systems, and technical expertise are key enablers for continuous improvement and innovation. We actively manage and strengthen this capital to remain agile and future-fit.	<ul style="list-style-type: none"> • Attraction and retention of top-tier talent, especially in engineering, project management and finance; and • Ongoing governance framework, policy, procedure and system enhancements.
Natural Capital	The natural environment is central to our operations. We are committed to the sustainable management of natural resources, particularly raw water, and strive to minimise our environmental impact while enhancing ecosystem resilience and supporting biodiversity.	<ul style="list-style-type: none"> • Strict adherence to environmental and water legislation, standards and DWS directives; • Improved energy and water-use efficiencies; and • Effective and responsible waste management.

Strategic overview continued

Business strategy

The Association's business strategy is guided by a three-horizon approach. This framework has provided stability, direction and the ability to grow into a model for public-private collaboration in water, while simultaneously catalysing the creation of sustainable socio-economic development in the regions in which we operate. As the Association moves into a new phase of its journey, we look back at our achievements across the three horizons of our strategy during the review period.

Horizon 1 (1 – 3 years) – Stabilise (Fully Achieved)

Stabilisation of operations and securing a social license to operate through a series of impactful initiatives to prepare communities for participation in the OMMP.

Focus area	Progress	Comment
Strengthening governance.	➔	We have implemented a new governance framework, with a new transformed ManCom and sub-committees appointed.
Repairing the brand.	➔	Our new brand has been launched, following the gazetting of the Association's amended constitution, by the Minister of Water and Sanitation, on 16 May 2025.
Restoring community trust.	➔	We continue to actively implement our SED initiatives, which plays a key role in maintaining community trust.
Achieving operational excellence.	➔	We achieved NOSA 5-star platinum status in 2024, and maintained certification to three ISO standards, reinforcing our commitment to operational excellence.
Transforming our people.	➔	We have built and maintained a high-performance culture, reinforced by a positive organisational climate, competitive and fair rewards and a safe working environment

Horizon 2 (4 – 7 years) – Grow (In Progress)



Successful implementation of the defined OMMP to provide much needed water and in doing so build a trusted platform for SED in the regions in which we operate. This to be done through the expansion of the Association's role to build, operate and maintain bulk water infrastructure, as well as build potable water infrastructure. This will include alignment of Members around common socio-economic development initiatives and infrastructure to encourage social harmony.

Focus area	Progress	Comment
Expansion of product, geographical, customer base.	➔	We are actively reinforcing our role as a crucial contributor to the accessibility and reliability of water resources in the Limpopo region.
Alignment of Members around common socio-economic development initiatives and infrastructure to encourage social harmony.	➔	We are actively working on aligning with our Members on shared SED initiatives and infrastructure to promote social harmony. This initiative is accompanied by an increase in SED expenditure, with a particular focus on water, education and infrastructure, as part of our ongoing commitment to the betterment of our communities.

Horizon 3 (8 – 25 years) – Expand

Drive exponential socio-economic impact.

Focus area	Progress	Comment
Catalyse the creation of game changing businesses / initiatives to drive exponential socio-economic growth in the region through the identification and development of high socio-economic impact opportunities in the region	➔	Our ongoing efforts are dedicated to encouraging the development of groundbreaking businesses and initiatives with the potential to drive exponential socio-economic growth within the region. This commitment underscores our vision for a more prosperous and sustainable future for the communities we serve.

Key:
 Achieved
 In progress

Five-year business and project plan

The formulation of a business and project plan (hereinafter referred to as the business plan) is established within the framework of the National Water Act, as delineated by Sections 91(1) and 93(1), along with Schedule 5 (providing a template constitution for water user associations) and Schedule 4 which pertains to the administration and strategic planning of water management institutions. In particular, clauses 21, 22, 23, and 24 within Schedule 4 outline the specific components that must be included in a business plan. Furthermore, clause 19 of the Association's Constitution mandates the submission of the audited financial statements and a comprehensive year-end financial account as part of this reporting process.

The Association's five-year business plan provides the roadmap for sustainable growth and delivery, balancing operational stability with the execution of transformative projects, while maintaining disciplined financial stewardship and advancing our socio-economic commitments. During the year under review, our focus was on laying the groundwork for this next phase. This included strengthening governance structures, building internal capacity, engaging with funders and preparing the operational systems that will underpin execution. These efforts ensure that when construction begins, the Association will be equipped to manage complexity while continuing to deliver reliable bulk raw water to Members.

Key priorities over the five-year horizon include:

- **Execution of the OMMP:** Transitioning from planning to delivery, ensuring successful financial close and the commencement of construction;
- **Operational resilience:** Safeguarding bulk raw water supply to Members through continuous investment in infrastructure, energy efficiency and maintenance systems;
- **Socio-economic development:** Rolling socio-economic initiatives, focused on education, early childhood development and job creation;
- **Transformation and growth:** Expanding the workforce to approximately 150 employees by 2029, aligned with the requirements of OMMP delivery and the Association's evolving mandate; and
- **Governance and compliance:** Embedding the new constitution, strengthening risk management, and ensuring compliance with ISO and NOSA standards.

The following sections present an overview of the Association's initiatives, driven mainly by the implementation of the OMMP, but also includes the Association-led Regional Energy Infrastructure, Storage and Distribution Programme.



Five-year business and project plan continued

Continued transformation through the OMMP

The Association's five-year business plan aligns very closely with the rollout of the OMMP. Our purpose of improving lives through water, and the ongoing transformation of the Association, finds expression in the execution of the OMMP.

The transformation of the Association is poised to continue in numerous ways – not only does it include growth in the infrastructure it will be developing, operating and maintaining and growth in its area of operation, it also includes growth through people, as positions are filled in the Association's new structure.

The Association will continue implementing the comprehensive strategic roadmap it kicked off in the previous financial year by continuing with the implementation of the OMMP, cultivating capable leadership and encouraging collaborative relationships to develop resources and capabilities.

The OMMP – Positioning the Association for growth in infrastructure and area of operation

The R25 billion (estimated capital expenditure) OMMP is the Association's flagship capital expenditure programme.

The OMMP is accelerating the development of bulk raw and potable water infrastructure in Limpopo through a 50:50 public-private collaboration between the Association's Commercial Members (the private sector, including mines and industrial users) and Institutional Members (Government, represented by the Department of Water and Sanitation [DWS]).

The OMMP's infrastructure will supply targeted communities and commercial water users in Sekhukhune District Municipality and Mogalakwena Local Municipality, while optimising the utilisation of existing infrastructure and water supply from two dams (i.e. the De Hoop and Flag Boshielo Dams) in

the Middle Olifants catchment, while enhancing the water supply to the Polokwane Local Municipality, which currently faces a 30 Ml/day water shortage.

Once complete, the infrastructure will ultimately supply water to the Water Service Authorities (WSAs), through their water service providers (such as the Lepelle Northern Water Board [LNW]), to service towns and communities situated within the aforementioned municipalities. It will also directly supply commercial water users, including mining companies and industrial users, within the footprint of the Association.

An expanded mandate through the Association's amended Constitution

The gazetting of the Association's amended constitution on 16 May 2025 by the Minister of Water and Sanitation confirmed not only our name change to Badirammogo Water User Association, but also the transformation of the Association's role through the OMMP. This transformation includes the

expansion of the Association's area of operation (into the Northern Limb of the Bushveld Igneous Complex) and the broadening of the Association's mandate, beyond bulk raw water provision, to the construction of potable water and reticulation infrastructure for communities, the inclusion of new Institutional and Commercial Members and the abstraction of water from the De Hoop Dam (in addition to the Flag Boshielo Dam).

Importantly, the obligation of providing potable water lies within the Constitutional mandate of the Municipalities who may, in terms of the Water Services Act, delegate the power of potable water delivery to communities through Water Service Providers such as LNW. While the Association will not be responsible for the operation or maintenance of potable water infrastructure (this remains with the relevant Water Services Authorities or Providers), the Association will continue to finance, build, operate and maintain bulk raw water infrastructure.



Olifants Management Model (OMM) Programme

The OMMP represents a synergistic, long-term social compact between Government and business

The Association’s public-private collaborative approach to the OMMP is underpinned by the “hive concept”. Like a hive, where all bees contribute to and benefit from the collective, the OMMP exemplifies the power of aligning public and private stakeholders in service of a common objective: delivering sustainable infrastructure that serves communities and industries alike.

The OMMP’s institutional collaborators consist of the Department of Water and Sanitation, the Lepelle Northern Water Board, the Sekhukhune District Municipality and the Mogalakwena Local Municipality. Commercial collaborators include African Rainbow Minerals, Assore, Cheetah Chrome, Corridor Resources, Fetakgomo Tubatse Special Economic Zone, Glencore-Merafe, Kadoma Investments, Impala Platinum, Ivanplats, Nkwe Platinum, Northam Platinum, Samancor Chrome, Tameng Mining and Exploration, Valterra Platinum (previously Anglo American Platinum) and Vanadium Resources.

Shared responsibility for improved accountability

The OMMP is co-funded and co-governed on a 50:50 basis between the Association’s Commercial and Institutional Members through collaborative structures. This collaboration allows the Association to act as a non-profit aggregator, enabling equitable infrastructure development while ensuring shared accountability and the protection of all stakeholders’ interests.

While our Members have appointed the Association’s programme management structure to implement the OMMP, it is important to note that the OMMP’s newly-built assets will be housed within a Special Purpose Vehicle, called Lebalelo Regional Water (Pty) Ltd (which is wholly owned by the Association), for lender security purposes.

OMMP implementation

The Olifants River Water Resources Development Project (ORWRDP) was conceptualised by DWS in the 1990’s to relieve pressure on the overallocated Flag Boshielo Dam and to supply water to Polokwane, Mokopane and Sekuruwe. To date Phases 1A, 2A and 2C have been built.

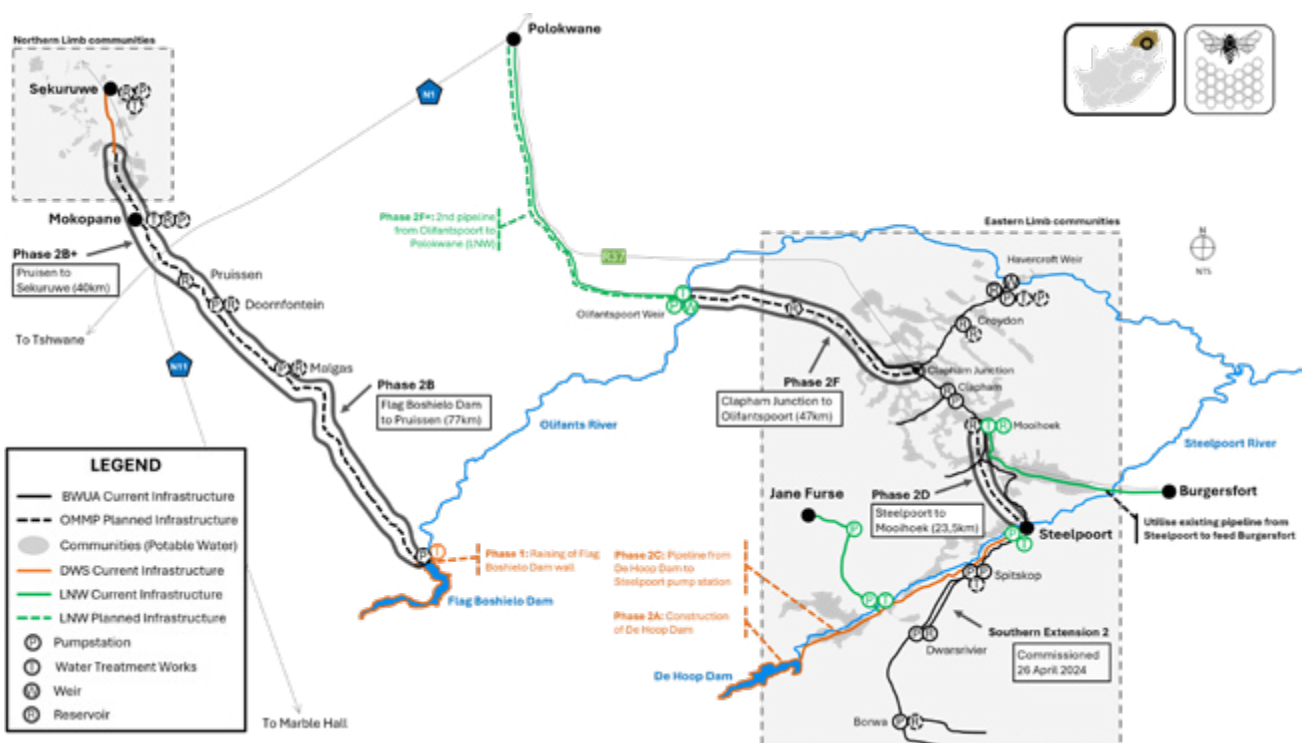
The OMMP is re-sequencing and accelerating the construction of the

remainder of the ORWRDP and expanding it to include potable water provision to meet revised water needs in the Middle Olifants Catchment Area and reduce capital infrastructure costs.

The OMMP will facilitate the supply of bulk water to Mokopane and Sekuruwe, primarily through the implementation of Phase 2B & 2B+. Additionally, it will enhance water supply to Polokwane by redirecting a portion of the Association’s Scheme’s existing water supply from Flag Boshielo Dam to De Hoop Dam as part of the incorporation of Phase 2C into the scheme, the construction of Phase 2D from Steelpoort to Mooihoek, the reversal of flow of the existing scheme (Phase 2H) to Clapham and constructing a dedicated line, Phase 2F, to enable supply to Polokwane through Phase 2F+ (to be constructed by LNW) from the Olifantspoort weir, fed from both De Hoop and Flag Boshielo Dams.

Resourcing partnerships are being established to not only construct defined bulk raw water and potable water infrastructure, but to also ensure that the entire network is operated and maintained efficiently and effectively.

OMMP implementation map



Five-year business and project plan continued

OMMP key numbers and projected impact

The OMMP aims to leverage infrastructure development to strengthen economic development and unlock strategic mineral and industrial potential in specified regions. It brings much-needed potable water infrastructure, water security, job creation and opportunities for socio-economic development. The OMMP’s socio-economic development (SED) strategy aims to establish and maintain a stable platform that supports communities and creates an environment conducive to accelerated economic growth. Further information on the OMMP’s SED initiatives during the review period can be found on page 50 of this report.



The OMMP entails the construction of:

- Approximately 200 km of bulk raw water pipelines; and
- Approximately 675 km of bulk potable water pipelines.

The OMMP will provide potable water connection to:

- Approximately 140 communities; and
- Approximately 390 000 people.

The OMMP will provide direct, indirect and induced employment opportunities for:

- Approximately 42 000 people for the duration of the OMMP.

The expected Limpopo provincial economic activity associated with the OMMP is illustrated below.

The OMMP is projected to have a significant socio-economic impact

OMMP’s socio-economic impact

R3.2 billion

Average annual capital expenditure over the next 7 years (2025 - 2031)

The Association’s proposed expenditure on constructing the water infrastructure will make a significant contribution to the economy and create jobs. It will contribute around R3.7 billion per annum to Limpopo’s GDP and create, on average, 18,800 jobs per year.

R3.9 billion

Average annual operational expenditure over the next 31 years (2025 - 2055)

Due to the proposed operational activities, the Association will contribute around R5.5 billion per annum to Limpopo’s GDP and create, on average, 20,330 jobs per year.

R5.9 billion

Average additional mining revenue p.a. over the next 31 years (2025 - 2055)

Additional mining activity that will become possible because of the Association providing increased water will also significantly contribute to the economy.

OMMP construction timelines: Rolling out in stages

The OMMP is a source-to-tap solution that seeks to provide approximately 260 thousand cubic metres per day (m³ per day) to commercial and institutional users by 2050 and it requires an estimated R25 billion (nominal) in capital expenditure between 2025 and 2034. Given the current economic challenges in South Africa, particularly the impact of low commodity prices on the mining sector in the past few years, a cautious approach has been adopted for the rollout of the OMMP, which will be implemented incrementally in 6 stages over 10 years, with a targeted completion date of 2034. Stage 1, which costs R8.5 billion (capex), has been selected to provide the maximum benefit relative to the overall OMMP's objectives while minimising costs.

Estimated OMMP capital cost flow

OMMP estimated implementation capital cost flow (excluding funding costs)


Financial Year	Capital Cost Flow(R million)
2025/2026	4 600
2026/2027	5 000
2027/2028	3 800
2028/2029	4 100
2029 to end of Programme	7 500
TOTAL	25 000

Anticipated water demand

The Association holds Water Use Licence approvals for up to 57 Ml/day in the Eastern Limb(from De Hoop Dam and the Havercroft Weir in the Olifants River) and has received approval for 94 Ml/day in the Northern Limb (from Flag Boshielo Dam). While not anticipated in the next five years, licensed volumes can be increased annually in alignment with the rolling 5-year demand forecast.

Projected water demand is expected to rise significantly over the coming years, with demand anticipated to reach 145–150 Ml/day by 2034/35, driven by the expansion through the OMMP.



 The Havercroft Weir on the Olifants River.

Five-year business and project plan continued

OMMP Stage 1 overview: Unlocking supply and impact

Stage 1 of the OMMP represents the starting point of our long-term, source-to-tap vision. With an estimated cost of R8.5 billion, it was carefully selected to provide maximum impact early in the programme while minimising costs.

While the focus of Stage 1 is on the Northern Limb, alleviating the critical water shortfall in Mokopane and surrounding areas, it also effectively unlocks access to the De Hoop Dam and the Phase 2C pipeline, relieving

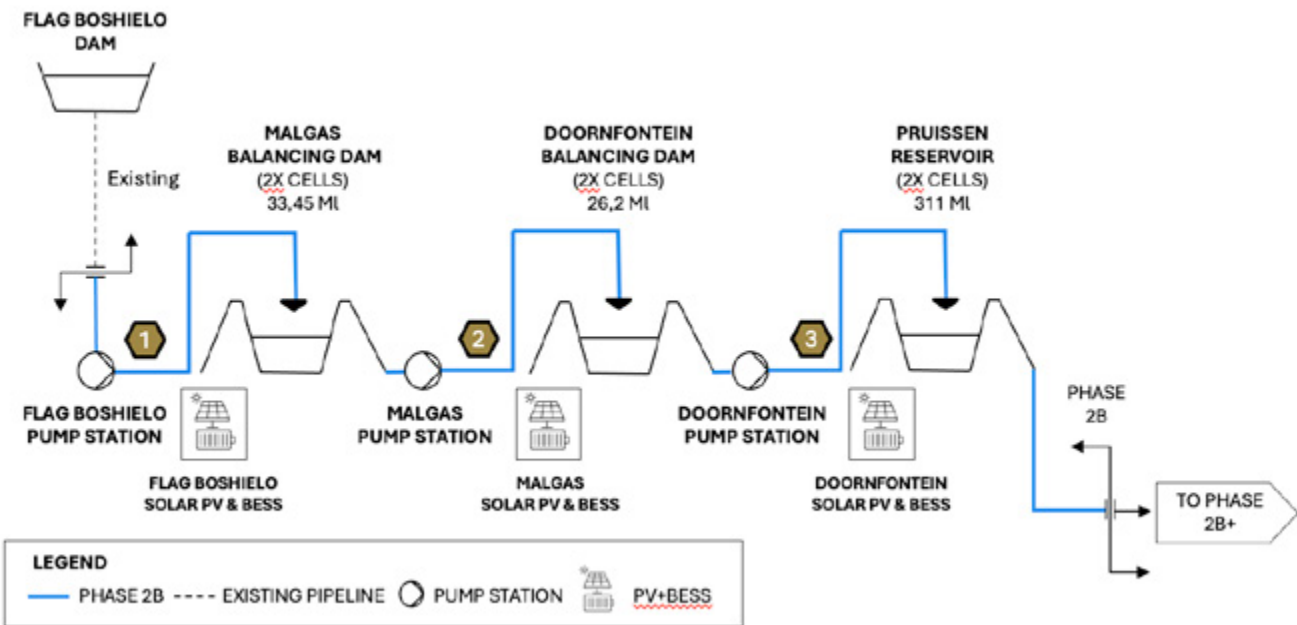
bottlenecks in the Eastern Limb. By doing so, Stage 1 provides an immediate uplift in water security for both communities and commercial users, while setting the foundation for the subsequent stages of the OMMP. Both the Northern and Eastern Limbs will benefit through the first stage of the OMMP, providing a foundation for both social and commercial growth in both regions while improving the water utilisation balance between the dams.

The design of Stage 1 includes new bulk raw water pipelines, pump stations,

balancing dams and reservoirs that will together increase reliability and efficiency across the network. It also includes a Renewable Energy Solution, with Solar Photovoltaic (PV) technology and Battery Energy Storage Systems (BESS) at each of the three pump stations across the Phase 2B pipeline. Once commissioned, these assets will strengthen supply for both institutional users and mining operations, enabling growth while addressing pressing community needs.

Phase 2B overview

Water is drawn from the Flag Boshielo Dam and lifted by the Flag Boshielo pump station, located near the dam wall. It then flows through the pipeline to the Malgas balancing dam, where the Malgas pump station boosts it further along to Doornfontein. At the Doornfontein pump station, the water is lifted once more before reaching the Pruisen terminal reservoir, made up of two storage dams of 115 megalitres each.



Flag Boshielo Pump Station (3 x 3.5MW pump and motor sets)

Flag Boshielo Solar PV & Bess (PV Phase 1: 15,865 MWp, BESS: 10.5 MWA, 13.265 MWh)

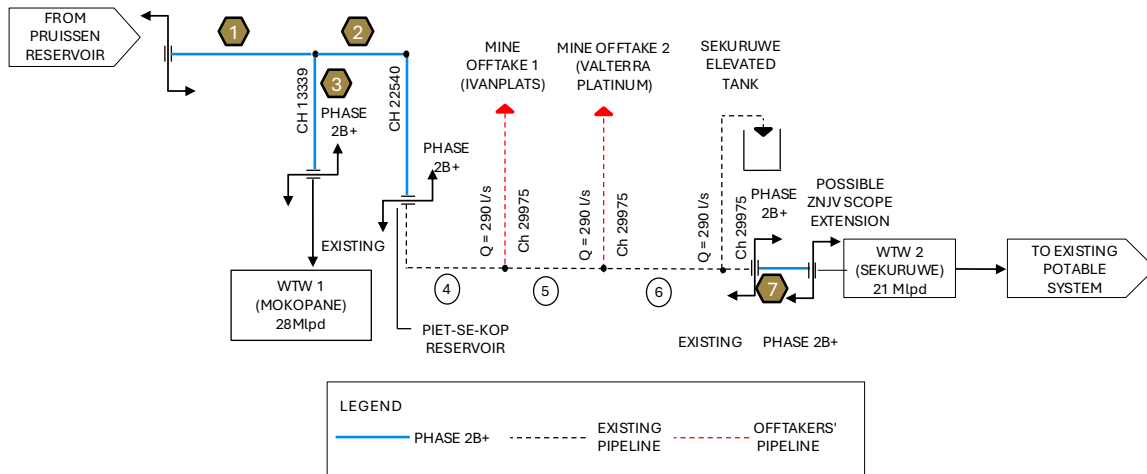
42.5km DN1200 steel rising main (to the Malgas Balancing Dam), Malgas Balancing Dam (33,45MI capacity), Malgas Pump Station (3 x 3.5MW pump and motor sets), Malgas Solar PV & Bess (PV Phase 1: 15,865 MWp, BESS: 10.5 MWA, 13.265 MWh)

22km DN1200 steel rising main (to the Doornfontein Balancing Dam), Doornfontein Balancing Dam (26,2MI capacity), Doornfontein Pump Station (3 x 3.5MW pump and motor sets), Doornfontein Solar PV & Bess (PV Phase 1: 15,865 MWp, BESS: 10.5 MWA, 13.265 MWh)

~6.5 km of DN 1200 steel rising main (to the Pruisen Reservoir), Pruisen terminal reservoir (2 dams, 115MI capacity each)

Phase 2B+ overview

The Phase 2B+ scope begins with a gravity pipeline from the Pruiszen Reservoir to the Mokopane Water Treatment Works (WTW) branch. From there, the line continues to the Piet-se-Kop tie-in point, as well as a short connection from the Mokopane WTW branch to the WTW itself. A further 26 kilometre stretch of pipeline from Piet-se-Kop Reservoir to an elevated tank near the Sekuruwe WTW has already been built, although most of it has not yet been commissioned. The project also includes construction of a new steel bridge across the Dorpsrivier in Mokopane, a pipe jack under the N1 national road, and a 400 metre link to connect the existing raw water line to the Sekuruwe WTW.



- 1 — 13.34km DN1400 steel gravity pipeline (from Pruiszen Reservoir to the Mokopane WTW branch)
- 2 — 9.54km DN1100 steel gravity pipeline (from Mokopane WTW to Piet-Se-Kop Reservoir)
- 3 — 2.5km DN1100 steel gravity pipeline (from Mokopane WTW branch to the WTW)
- 4,5 and 6 - - - ~26km DN1000 steel pipeline (from Piet-Se-Kop to elevated steel tank close to Sekuruwe WTW) – already constructed, not commissioned
- - - Pipelines beyond the offtake point are the responsibility of the offtakers
- ↗ A new steel bridge (to cross the Dorpsrivier in Mokopane)
- ↘ A pipe jack under the N1
- 7 — ~0.41 km of DN 700 steel gravity pipeline to connect existing DN 1000 to Sekuruwe WTW



De Hoop Dam.

Five-year business and project plan continued

A new structure – Positioning the Association for growth through people

The Association has developed and is implementing a new organisational structure positioning itself for growth as the Association transforms through the OMMP. As can be evidenced through our revised structures depicted below, we have become a matrix organisation. Our structure now includes a Shared Business Services (SBS) unit, as support to our core operations and projects, alongside a fully integrated Programme Management Unit (PMU) and an expanded Operations structure that will be geared to take on the additional responsibility to be realised through the execution of the OMMP.

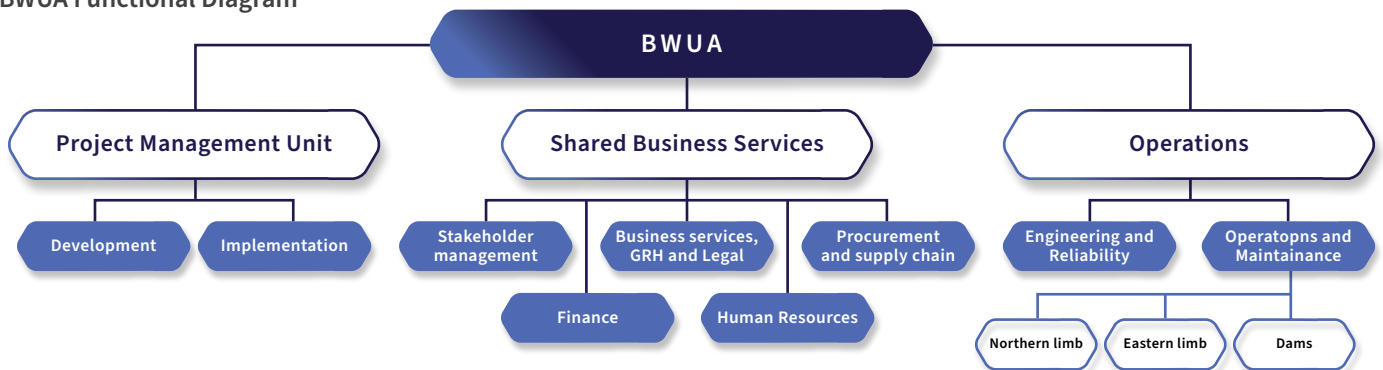
The Association’s SBS unit allows for reduced costs through economies of scale, improved efficiency via standardised processes, better service

quality from specialised expertise and enhanced strategic focus by centralising administrative tasks to core functions. It also provides scalability and flexibility to adapt to business changes, encouraging knowledge sharing, improving data management and governance, and promoting internal collaboration.

Further to this, the Association aspires to position itself as a leading water infrastructure implementer in South Africa. This ambition is supported by the establishment of a fully integrated PMU and the adoption of world-class project management systems and tools. This enables the Association to deliver multiple projects, as is the case with the OMMP, in a controlled environment, with the ability to detect potential deviations early before they impact cost or schedule.

The Association has restructured its management team as well as the leadership structure to ensure that we are ready to execute the additional responsibilities that will be introduced through the implementation of the OMMP. The restructuring will enable us to augment our skills and expertise in innovation, engineering, project management, stakeholder management, safety, health and the environment, governance as well as information management. We have always maintained that “our people are our greatest assets” and the highly skilled personnel that continue to join and partner with us are a testament to that maxim.

BWUA Functional Diagram



Association team members.

Building readiness – Supporting municipal collaborators for sustainable operations

As part of the foundation for the successful delivery of the OMMP, the Association has developed the Municipal Operational Readiness Programme (MORP). This initiative recognises that the long-term sustainability of the OMMP depends not only on new infrastructure but also on the operational capability and capacity of municipalities participating in the programme. By strengthening systems, skills and compliance frameworks within Sekhukhune District Municipality (SDM) and Mogalakwena Local Municipality (MLM), the MORP will ensure that water services are delivered reliably and sustainably to communities once OMMP infrastructure is in place.

The MORP was conceptualised in line with the objectives of the OMMP and aligns with the Department of Water and Sanitation’s Blue Drop, Green Drop and No Drop programmes. It is designed as a short-term (2–5 year) intervention that develops capability, addresses gaps in service delivery and embeds problem-solving approaches to support long-term outcomes. Each municipality’s commitments to the OMMP will span more than 25 years, making the MORP a vital step in bridging immediate

readiness with long-term operational and financial sustainability.

Fully-resourced Implementation Plans, which were developed through a rigorous scoping study, include interventions such as updating groundwater master plans, enhancing water conservation and demand management practices, developing compliance action plans and strengthening oversight and monitoring systems. Professional Service Providers will be supporting

municipalities through targeted interventions, with phased handovers to ensure ownership and continuity.

The MORP underscores the Association’s proactive role in preparing the operational environment for transformative projects. By investing in municipal readiness, the Association is reinforcing its commitment to sustainable service delivery and ensuring that the OMMP’s impact extends well beyond infrastructure construction.


Digital foundations – Strengthening oversight and operational intelligence

As part of the OMMP implementation framework, potable water assets developed under the programme will ultimately be transferred to WSAs and municipalities. However, the associated loan agreements will remain with the Association. To safeguard performance and protect Members’ investments, the Association has established operations & maintenance agreements that grant the Association step-in rights in cases where municipalities or other entities fail to meet their obligations.

To enable this, the Association is developing a comprehensive Oversight System – a digital platform that integrates and monitors performance across multiple sites and assets. By consolidating data from various sources into a single, unified view, the system will provide enhanced situational awareness and the ability to make better-informed, timely decisions.

Once fully-implemented, the Oversight System will enable real-time monitoring of plant performance, water quality and equipment functionality, in line with agreed performance indicators. Critical parameters, such as Blue Drop compliance, process efficiency and equipment condition, are tracked continuously, allowing predictive maintenance and reducing plant downtime. The system will also facilitate remote tracking of maintenance activities and operational performance across the Association’s footprint, ensuring oversight of complex, large-scale operations.



 Trelia Sekgobela, Pump Station Operator, in the Havercroft control room.

In the short term, this platform will strengthen water quality monitoring, improve responsiveness to risks and establish a digital twin through a dynamic hydraulic model that supports scenario planning and process optimisation. Over the longer term, the system will incorporate artificial

intelligence and machine learning, enabling predictive plant control, automated asset condition assessments and future flood risk forecasting.

Through this initiative, the Association is laying a digital foundation for resilient, efficient and future-ready operations.

Five-year business and project plan continued

Powering the OMMP – Regional Energy Infrastructure for Reliability and Cost Efficiency

Building on the foundation laid by the OMMP, the Association is extending its role as a catalyst for regional infrastructure beyond water. Reliable water supply cannot be achieved without reliable energy. To ensure that water is delivered at the lowest possible and most predictable tariff, the Association developed the Regional Energy Infrastructure, Storage and Distribution Programme as the OMMP's long-term solution for reliable and cost-effective energy supply. This initiative demonstrates our ability to apply the same collaborative, cost-recovery model used in water to address one of the most pressing challenges facing Limpopo and the country at large: energy security.

It was announced by President Ramaphosa at the Sustainable Infrastructure Development Symposium South Africa event, hosted in May 2025, that the Regional Energy Infrastructure, Storage and Distribution Programme, developed by the Association, had been selected by Infrastructure South Africa (ISA), under its first national Infrastructure Bid Window for priority project preparation support.

The R26.5 billion (estimated capital expenditure) energy infrastructure programme responds to the urgent need to close regional energy and transmission gaps, while supporting the integration of growing renewable energy capacity. It is designed to improve energy reliability, affordability and sustainability in Limpopo and beyond. The programme will create a ring-main around the Northern and Eastern Limbs and major industrial hubs of the Bushveld Igneous Complex, delivering 300MW of pumped hydro storage, 100MW of battery storage, 226km of transmission infrastructure and a regional control centre. The total capacity will be 400MW, with an annual storage output of 930 to 980 GWh.

ISA's Infrastructure Bid Window was launched in October 2024, inviting submissions from Government departments, municipalities, state-owned entities and private-sector players with public-sector support. Of the 443 applications received, only seven projects were selected. All selected projects had to exceed R1 billion in value, demonstrate alignment with national development priorities and be capable of attracting private-sector or blended finance; in other words, projects that are not wholly reliant on fiscal support. Successful projects will receive support to achieve technical viability, bankability and the necessary Government approvals.

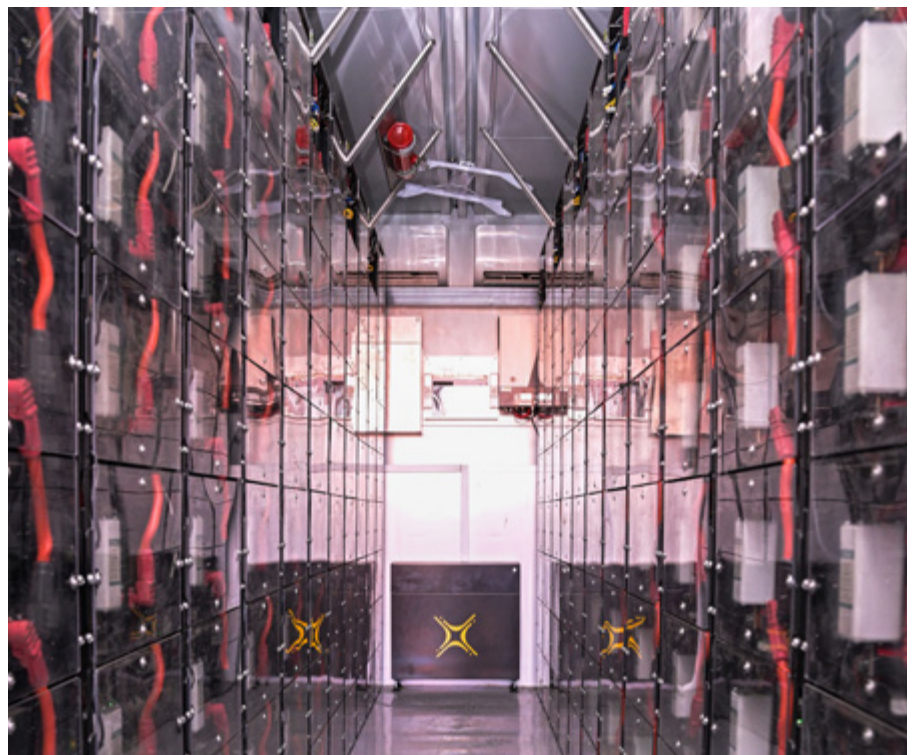
Though the initiative was submitted under the conceptual banner of the Limpopo Energy User Association, it is important to note that the programme was developed by the Association. This marks a continuation of our role as a catalyst for regional infrastructure development and reflects our commitment to practical, scalable solutions.


The proposed Regional User Association collaboration model for implementation is ideally suited for this type of initiative and draws directly from our experience with the OMMP. The collaboration model is built around three core principles: a dual mandate of infrastructure provision and regional socioeconomic development; a not-for-profit, cost-recovery structure to ensure sustainability and capital repayment; and joint, equitable ownership, with all Members participating

in governance (similar to a Water User Association).

As part of exploring a long-term energy solution for the OMMP, the Association has completed the concept study and is now working with Infrastructure South Africa on the Intermediate Business Case, which will be fully funded from external sources. The Association will continue to proactively pursue development funding to undertake the Intermediate Business Case, in addition to the support that ISA will provide, to minimise the cost burden to the Association.

This recognition by ISA validates our efforts and brings us closer to realising a long-term energy solution that will stabilise tariffs, strengthen water reliability for Members and drive regional socioeconomic growth.



 Battery Energy Storage System at Clapham Pump Station.

Conclusion

The next five years will be pivotal for the Association. With the OMMP entering execution and the Regional Energy Infrastructure, Storage and Distribution Programme advancing towards feasibility, the Association is laying the foundation for long-term transformation in both water and energy infrastructure.

Our focus remains twofold: ensuring operational resilience in delivering bulk water reliably to Members and communities, and driving forward strategic projects that will shape the region's future. The OMMP will bring potable water to approximately 390,000 people, unlock economic potential and invest R170 million into socio-economic development. In parallel, the Regional Energy Infrastructure, Storage and Distribution Programme represents a bold step into integrated infrastructure delivery, demonstrating how the Association's collaborative model can be applied to address regional energy challenges.

Through strong governance, collaboration and a commitment to improving lives through water, the Association is well positioned to deliver on its mandate and catalyse broader regional growth in the years ahead.



Performance review and outlook





Performance review and outlook

The 2024/2025 financial year was marked by transition and preparation. Throughout the reporting period, the Association remained focused on strengthening operational reliability, advancing critical capital projects and maintaining high standards of governance and compliance. Our performance was guided by a commitment to sustainable water resource management, sound financial stewardship and the ongoing development of our people and communities.

The following sections provide a review of the Association's performance for the 2024/2025 financial year and outlines our short-term strategic focus areas for the reporting period ahead. Key priorities include driving excellence in operations and maintenance, embedding a high-performance culture, advancing socio-economic development in doorstep communities and maintaining rigorous risk management and corporate governance standards. Together, these focus areas support our long-term vision of improving lives through water — sustainably, equitably and responsibly.

Safety, health, environment, risk and quality (SHERQ)


The Association's commitment to Safety, Health, Environment, Risk and Quality (SHERQ) is embedded in every aspect of our operations. We strive to maintain the highest standards of occupational health and safety, environmental stewardship and quality management to ensure a secure, compliant and performance-driven

working environment. This section outlines the progress made in implementing our Integrated Management System (IMS), key achievements during the year under review and our continued efforts to promote a proactive safety culture, reduce risk and align with leading national and international standards.

Integrated Management System (IMS)

In line with our commitment to excellence and continuous improvement, the Association began developing and implementing an Integrated Management System (IMS) on 1 June 2023. This system aligns with both national and international best practices and frameworks and has already yielded significant outcomes in the 2024/25 financial year.



 Tetsabile Sibandze, from IV Solace, scans electrical systems at Havercroft.

Certifications and gradings achieved to date

The following standards have been successfully implemented and audited by external certification bodies, reflecting our focus on quality, safety and environmental compliance:

- NOSA Integrated Five Star System (CMB253): **Achieved NOSA 5-Star Platinum Grading;**
- ISO 9001:2015 – **Quality Management: Certified;**
- ISO 14001:2015 – **Environmental Management: Certified; and**
- ISO 45001:2018 – **Occupational Health and Safety: Certified.**

Standards in progress for audit in 2025/26

The Association continued to strengthen its IMS by preparing for an independent external second-party audit in additional key standards, namely:

- ISO 50001:2018 – **Energy Management**
- ISO 55001:2024 – **Asset Management**
- ISO 37101:2022 +A1:2024 – **Sustainable Development in Communities**

Internal audits were completed in June 2025, with external audits taking place in August 2025. These enhancements form part of our ongoing strategy to embed best practices across all functional areas and ensure the IMS remains responsive to the evolving operational environment and stakeholder expectations.



📷 Willem van Aswegen, SHERQ Manager, and Hanna Shai, Safety Officer / Coordinator, at Spitskop Pump Station 2.



Update: The Association Achieves Three additional ISO Standards – now compliant with seven world-class ISO and NOSA standards



Following an independent, external second-party audit in August, we are proud to share that we have achieved compliance with three additional ISO standards: ISO 50001:2018 (Energy Management), ISO 55001:2024 (Asset Management) and ISO 37101:2022+A1:2024 (Sustainable Development in Communities).

In July 2025 we also won the NOSA Northern Region Award for Best Integrated Five Star System for the second year running, and our CEO, Dr Kobus Duvenhage, was named Managing Director of the Year, Full-Time HSE Function.

With a total of seven recognised standards, the Association continues to demonstrate an integrated approach that unites quality, safety, environmental stewardship, energy efficiency, asset management and community sustainability.

Performance review and outlook continued

Key achievements, milestones and initiatives

During the year under review, the Association made significant strides in strengthening its SHERQ practices through the effective implementation of its Integrated Management System (IMS) and associated training and assurance activities.

External audits and certifications

From 28 October to 1 November 2024, the Association underwent its annual Integrated NOSA Five-Star Grading audit and ISO Surveillance Stage 1 Certification audit. These were conducted across key sites including Lynnwood Bridge and Glenfair Offices, Havercroft operations, and pump stations. The Association was upgraded from a 4-Star to a NOSA 5-Star Platinum Grading and achieved ISO Stage 1 certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

No major non-conformances were reported. Findings are currently being addressed with follow-up verification scheduled by NOSA for 18–20 August 2025. The next grading and certification audit will take place from 27–31 October 2025.

SHERQ training and capacity building

A total of 63 employees participated in SHERQ-related training programmes during the year, supporting continuous learning and compliance. Courses covered key competencies such as legal liability, fire marshalling, first aid, working at heights, defensive driving, SHE representative duties, safe stacking and storage, and the use of elevated platforms.

SafetyCulture: Technology for compliance and efficiency

To enhance the quality and efficiency of SHEQ reporting and inspections, the Association launched the SafetyCulture application in February 2025. The system replaces outdated manual processes and supports real-time compliance and digital inspections to streamline SHEQ management.

Employee health and wellness

The health and wellness campaign launched in May 2025 is a six-month initiative aimed at supporting mental and physical well-being among team members. Activities include preventative healthcare education, access to mental health resources and motivational sessions.

Current incident experience frequency rates

The Association recorded no major safety, health or environmental incidents during the reporting period. The Lost Time Injury Frequency Rate (LTIFR) stood at 0.67, due to a single incident in December 2024 (with the LTIFR trending downward since then), and no fatalities, permanent disabilities or occupational diseases were reported. Environmental incidents were also recorded at zero. A summary is provided in the table below.

LTFIR summary

Initiative	Outcomes	
Safety		
LTIFR	Lost Time Injury Frequency Rate	0.67
F	Fatal because of an accident (injury)	0
PD	Permanent Disability (evaluated by a medical doctor resulting in more than 30% PD)	0
PPD	Permanent Partial Disability	0
LWD	Lost Workday (One Complete Shift Lost)	0
RWD	Restricted workday (including “light duty”)	0
Health		
LTIFR	Disabling Illness Frequency Rate	0
F	Fatal because of an occupational disease for example asbestoses	0
IDD	Irreversible diagnosed disease (such as asbestosis, brucellosis etc.)	0
RDD	Reversible Diagnosed Disease (such as dermatitis)	0
NIHL	Noise-induced hearing loss (diagnosed and confirmed by an audiologist)	0
Environment		
Environmental Incidents	Major Environmental Incidents	0

Key risk areas and mitigation efforts

During the 2024/2025 financial year, several SHERQ-related risks were proactively identified and addressed.

Operation of motorised equipment

The operation of motorised vehicles remains a key safety risk due to the potential for road incidents, particularly those related to driver behaviour, fatigue or external hazards. To mitigate this, the Association launched an advanced driver training campaign in February 2025. Most vehicle operators have since completed the training, and all fleet vehicles are fitted with tracking devices to monitor driver performance. The new Occupational Driving Procedure is in the final stages of approval and will be rolled out in the new financial year, accompanied by awareness campaigns and coaching interventions.




 Lewis Mishone and Tetsabile Sibandze from IV Solace take readings inside a chamber.

Confined space entry and chamber work

The Association currently has 688 chambers requiring regular inspection and maintenance – posing risks related to confined space entry – with more to be added as the OMMP is implemented. During the reporting period, all relevant personnel were trained in confined space entry, working at heights and first aid (Levels 1 and 2). A Work Permit System was finalised and implemented, and confined space risk assessments were conducted. In April 2025, the Association procured atmospheric testing equipment and initiated the acquisition of chamber rescue equipment. Ten employees are scheduled for specialised rescue training in July 2025.



 Capturing data for vibration analysis.

Project and operational site interface risks

As major maintenance activities and stay in business projects accelerate, managing interaction between the operations team and project contractors has become essential. Where overlap occurs with operational activities, particularly in electrical switching and maintenance, strict permit-to-work protocols are enforced, and activities are overseen by a qualified Safety Officer. These measures help manage the risk of unauthorised access, incorrect switching or safety breaches on shared work sites.

Dam and reservoir safety


Internal safety inspections of dams and reservoirs were conducted in May 2025. The reports are currently being finalised and will be followed by a Failure Mode Effect Analysis (FMEA) to identify and prioritise key risks. The findings will inform future safety interventions and infrastructure improvements aimed at strengthening compliance with dam safety regulations.

Performance review and outlook continued

SHERQ-related spend

During the reporting period, the Association invested approximately 2.5% of its operational budget in SHERQ-related initiatives. This spend covered a broad range of categories, including the development and implementation of the Integrated Management System (IMS), external audits to maintain NOSA and ISO certifications, employee training, the SafetyCulture digital compliance platform subscription, and health and wellness campaigns.



 Lewis Mishone, IV Solace, taking readings inside a chamber.

Outlook

In the year ahead, the Association will focus on maturing its Integrated Management System, expanding the use of SafetyCulture for inspections and training, and phasing out paper-based processes. Preparations are underway to maintain our ISO certifications, NOSA 5-star status and work towards NOSCAR qualification. Ongoing efforts will include targeted SHERQ campaigns, enhanced performance tracking and deeper employee engagement to embed a strong safety and compliance culture across the organisation.



 Hanna Shai, Safety Officer / Coordinator, in the Spitskop Pump Station 2 control room.

Operations

The 2024/25 reporting year was defined by operational stability and preparation for future growth. Across water, energy and infrastructure maintenance, the Association sustained reliable service delivery while embedding the systems and culture required for the demands of the OMMP.

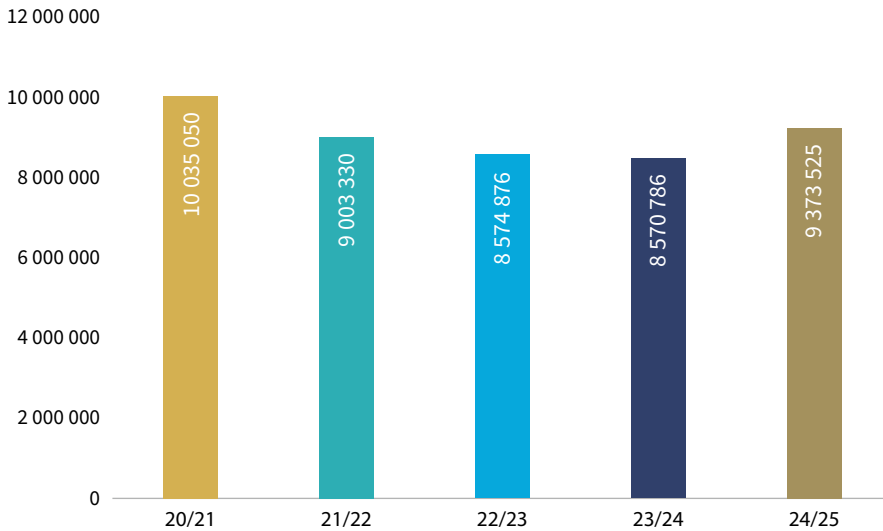


Team members inspecting Havercroft Pump Station.

Water

The Association continued to meet its commitments as a bulk raw water supplier, maintaining consistently high levels of reliability. The total volume of bulk raw water delivered to Members and other users for the period was 9 373 525 m³, an increase from 8 470 786 m³ recorded in 2024, but below the peak of 10 035 050 m³ in 2021. The offtake decline in recent years reflects reduced industrial demand due to the earlier downturn in the Platinum Group Metals (PGM) market and ongoing water conservation measures implemented by Members.

Annual cumulative water usage



Water losses

Water losses were held to 0.8%, significantly outperforming the Association’s internal target of 2.6%. All flow meters underwent annual verification testing by Original Equipment Manufacturers (OEMs) to ensure measurement accuracy. This performance reflects careful monitoring, proactive maintenance and the dedication of the operations team to safeguard one of our most critical resources.



Havercroft Storage Dams

Performance review and outlook continued

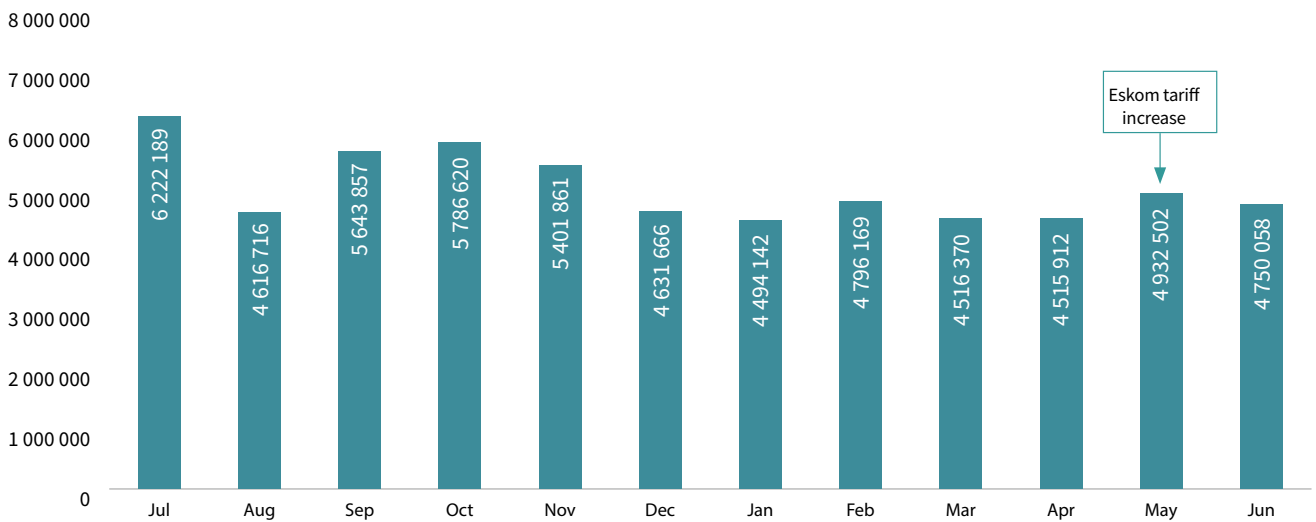
Energy

Electricity remained a significant cost driver during the reporting year, but robust efficiency measures were implemented to manage consumption and mitigate cost escalations. We continued to reduce peak-time pumping, where possible, to offset higher than expected costs due to Eskom’s load demand changes, which increased tariffs

and added charges. These initiatives not only contained expenditure but also laid the groundwork for future improvements under ISO 50001: Energy Management, to which the Association has now achieved compliance. This new standard will guide our efforts to optimise energy performance as the OMMP expands. In parallel, we have commenced

studies on clean energy alternatives to reduce dependence on coal-based electricity and improve long-term cost sustainability. These efforts align with our environmental stewardship and the United Nations Sustainable Development Goals.

Monthly Electricity Cost Per Pump Station



Kholofelo Sekgobela, Fitter, in the Havercraft workshop.



Maite Kgatle, Communication Officer.

Maintenance


The Association remains committed to ensuring reliable bulk raw water supply through proactive and routine infrastructure maintenance. The Association provides for this through a refurbishment fund to keep all systems in effective operating condition. This approach reduces the risk of unplanned outages because of ageing infrastructure and reinforces asset reliability. Compliance with ISO 55001: Asset Management will further enhance our ability to manage assets efficiently, ensuring sustainable operations into the future.

During the year under review, our technical team completed various critical maintenance tasks, including vibration analysis, infrared scanning, earthing assessments, aquatic weed control, dam safety inspections and underwater surveys. Weekly and monthly preventative inspections were also conducted to uphold operational reliability across all infrastructure. All activities are conducted in line with Original Equipment Manufacturer (OEM) specifications and best practices.



 Brighten Chauke, Artisan Assistant.



 Samuel Mosoma, Electrical Technician.

Stay in business projects

Replacement of pre-cast manholes and cover slabs

This ongoing programme addresses infrastructure damaged by vandalism. In 2024/25, all manholes along the Marula Line were replaced with pre-cast units. The Modikwa Line is scheduled for upgrade in 2025/26. Work is executed by the Association’s team in collaboration with local SMMEs as part of our socio-economic development imperatives.

Valve chamber refurbishment

Many of the Association’s valve chambers have passed their 20-year life span and a focused Chamber Refurbishment Project will commence in the 2025/2026 reporting period. The multi-year project will ensure all equipment is in good working condition in support of effective and reliable water supply to our Members.

Outlook

Additional infrastructure maintenance projects

Item	Maintenance Projects (estimated value: R10m)
1	Upgrade of Potable Water Plant at Pump Stations
2	Additional Workshop Storage Facility
3	Ablution Facilities at Marula and Modikwa Dam
4	Refurbishment of Offices and Residential Housing
5	Rebuilding the Guardhouse at Clapham Pump Station and Mooihoek Reservoir
6	Fence Erosion Protection
7	Construction of ASA High Site Road and Erosion Protection
8	Marula Overflow Structure
9	Pipeline Access Roads Refurbishment
10	Roof Fan Covers for Clapham Pump Station
11	Erosion Management
12	Dwarsrivier Pump Station Overflow and Storm Water Channels Upgrading

Outlook

Operations will remain the engine room of the Association as we move into the execution of the OMMP. In the year ahead, we aim to:

- Sustain high reliability in bulk raw water delivery;
- Continue implementing energy efficiency measures under ISO 50001;
- Strengthen asset management systems in line with ISO 55001; and
- Embed a safety-first culture to protect employees, communities, and the environment.

Through these efforts, the Association will ensure that its operational backbone remains resilient, sustainable and ready to support the scale and complexity of the OMMP.

Performance review and outlook continued

Capital projects

Olifants Management Model Programme (OMMP)

The reporting period was marked by significant progress in the transformation of the Association and the advancement of the OMMP. Building on the strategic approvals secured in previous years, FY2024/25 saw the OMMP move from concept to readiness for implementation, with critical milestones achieved across governance, funding, and technical preparation.

Between October 2024 and June 2025, the Association completed the OMMP study phase, secured key approvals and advanced early works to protect the programme schedule. In October 2024, the Stage 1 Final Investment Decision (FID) was published, followed by the release of the Full Business Case in November. At the Annual General Meeting later that month, Members adopted resolutions endorsing the Full

Business Case, the contract strategy and the establishment of a Special Purpose Vehicle to house the new-build OMMP infrastructure, as required by programme funders. Members also approved the Stage 1 FID, subject to funding availability and a minimum commitment of 50 ML/day in commercial offtakes, together with enabling resolutions for debt, transactions and contracts.

By December 2024, the OMMP Study Phase was completed within budget, paving the way for implementation. February 2025 marked a major turning point with the receipt of the first tranche of Stage 1 funding from Government. In March, the Association concluded Early Works Contract (EWC) 1, which refined the reference design and provided critical engineering inputs for regulatory processes, while also securing approval

from National Treasury for BFI 2 funding for Stage 2. In April, the Association obtained a Water Use Licence for 94 ML/day for Stage 1, and in May, the amended constitution was gazetted by the Minister of Water and Sanitation, formally expanding the Association's mandate. By June 2025, formal support had been secured from both the Mogalakwena Local Municipality and the Lepelle Northern Water Board, and new Members were admitted at a Special General Meeting, electing a reconstituted Management Committee with equal representation between Institutional and Commercial Members.

These milestones collectively mark the successful conclusion of the preparation phase and establish a firm foundation for Stage 1 implementation.



📷 Construction in progress at Spitskop Pump Station 2.

Completion of the OMMP study phase

The OMMP study phase, which began in October 2022 after the approval of the Early Business Case report, was completed in December 2024 within the approved budget of R416 million. The study maximised the use of existing data and designs, avoiding unnecessary costs and accelerating readiness for water delivery in high-demand areas. The study phase culminated in the adoption of the Final Business Case and the Stage 1 FID in November 2024.

Early Works Contracts (EWCs)

To protect the programme schedule, the Association implemented a series of Early Works Contracts (EWC). EWC 1, completed in February 2025 at a cost of R24.5 million, refined the reference design and delivered engineering inputs for regulatory processes, including Water Use Licence and Environmental Impact Assessment amendments and wayleave applications.

EWC 2, valued at R150 million, is nearing completion and is expected to conclude in August 2025. This package focuses on design activities, long-lead procurement, and the delivery of engineering outputs required for Dam Safety Office approvals.

EWC 1 progress and cost

Approved contract price estimate: R24.5 million	Completion cost: R23.9 million
EWC 1 Progress on site: 100%	
Implementation completed in February 2025	

EWC 2 progress and cost

Approved contract price estimate: R150 million	Forecast completion cost: R150 million
EWC 2 Progress on site: 98.4%	
Estimated completion date: August 2025	

Southern Extension 2 (SE2) – OMMP pilot

The SE2 project provided a proving ground for the OMMP, demonstrating the Association’s ability to deliver complex projects on time and within budget. Phase 1 was completed in April 2024, delivered within the approved R390 million budget and timeline. During this phase, issues with the pipe lining were identified; however, agreement was reached with the contractor to fully rectify these defects

at their own cost, ensuring no additional financial burden to the Association.

Phase 2, valued at R93.6 million, is structured into two components. The quick link project, completed in July 2024, enhanced storage capacity at Mototolo Dam by optimising existing connections. The optimisation project is divided into two work packages: Work Package 1, which

began in April 2025, focuses on connecting the De Hoop 2C pipeline to the Spitskop Dam and upgrading the Dwarsrivier Pump Station, with completion expected in March 2026; and Work Package 2, commencing in October 2025, will deliver a new 10ML reservoir, a gravity-fed pipeline to Mototolo Mine, and rehabilitation of the Borwa downstream donga, with completion expected in June 2026.

SE2 Phase 2: Project progress and cost

Approved contract price estimate: R93,6 million	Forecast completion cost (Phase 2): R93,6 million
Progress on site:	
Quick Link Project: 100% (Completed July 2024)	
Optimisation Project (Work Package 1): 60%	
Optimisation Project (Work Package 1): Not yet started	
Progress on site:	
Optimisation Project (Work Package 1): Started: April 2025; Expected Completion: March 2026	
Optimisation Project (Work Package 2): Expected Start Date: October 2025; Expected Completion: June 2026	

Outlook

With the study phase completed, regulatory approvals secured, and early works well advanced, the Association is now poised to begin implementing Stage 1 of the OMMP. The next 6 to 12 months will be critical as the Association moves towards commercial and financial close, the award of the Stage 1 EPC contract and the commencement of construction. Site establishment and the sod-turning ceremony are targeted for Q4 2025, marking the formal start of delivery.

In parallel, progress on SE2 Phase 2 will continue, providing additional resilience and demonstrating the integration of pilot projects into the broader OMMP framework. Together, these efforts signal the transition from planning to tangible delivery, underscoring the Association’s role as a trusted partner in accelerating water infrastructure development for Limpopo’s communities, municipalities and industries.



Working on the SE2 Phase 2 pipeline.

Performance review and outlook continued

Finance

In 2024/25 we laid the financial foundations for future growth, strategically investing in infrastructure and securing substantial capital to fuel the Olifants Management Model Programme (OMMP) and other expansions, while sustaining core water delivery operations.

Association's overall financial performance (operating schemes and projects)

The Association's financial performance for the year ended 30 June 2025 underscores its transition into a growth trajectory, with total assets more than doubling to R2.7 billion from R1.3 billion in 2024 (restated) to support the Association's ambitious infrastructure development. Our financial position (balance sheet) expanded significantly, with property, plant, and equipment ballooning to R1.1 billion (up 33%) via R285 million in OMMP and Southern Extension 2 capital work in progress additions. Current assets soared to R1.5 billion, boosted by R1.4 billion in other financial assets (up 466%), primarily due to the R1.2 billion in institutional members funding financial assets for OMMP. Cash and cash equivalents stood at R27 million after net outflows of R1.4 billion for growth in investing activities, supported by R1.3 billion in financing inflows.

Total equities increased from R1.1 billion in 2024 to R2.5 billion in 2025, fuelled by a R1.9 billion capital reserve from members and R188 million capital reserve from non-members. Total liabilities remained stable at R150 million, yielding a solvency ratio of 17.5 that is far above sector average benchmarks of 2.5 and yielding a liquidity ratio of 13.7, affirming capacity for expansion.

Despite a 42% decline in total revenue to R191 million from R328 million in 2024, driven by the phasing out of a once-off OMMP feasibility project income (R151 million in 2024), the Association generated a surplus of R30 million, down modestly from the restated surplus of R179 million in 2024 but reflecting effective expense management and strong interest earnings amid capital-intensive investments.

Core operating revenue grew steadily to R191 million, an 8% increase from R177 million in core activities last year, propelled by higher fixed operating revenue (R104 million, up 2%), and raw water revenue (R61 million, up 12%), signalling resilient raw water demand from mining and institutional members. Other income moderated to R18 million from R42 million, as ad-hoc services for the Department of Water and Sanitation declined to

R7 million following the Giyani project's wind-down. This revenue evolution highlights a deliberate pivot toward sustainable, recurring streams, reducing dependence on transient project feasibility income while building a foundation for OMMP-driven growth.

Efficient Expense management was exemplary, with operating expenses declining 6% to R163 million from R173 million, driven by optimised project feasibility costs and efficiencies in administration costs. Direct costs rose 33% to R67 million, largely from electricity (R60 million, up 31%) amid heightened pumping for expanded volumes. Total Employee costs increased from R44 million to R49 million (up by 10%), reflecting targeted hires for OMMP readiness and general increase in employees' salaries. Depreciation and amortisation held steady at R28 million, accounting for asset growth without eroding margins. Interest income surged 59% to R53 million: from R33 million, fuelled by ring-fenced investments of institutional members funding.

We have experienced a growth-oriented financial posture, with asset turnover at 0.07 amid heavy capex, positions as the Association unlock OMMP's long-term value, strengthening water security and revenue potential.



 Clapham Pump Station and storage dam.

The Association's scheme performance

The Association's core bulk raw water supply scheme remains the operational backbone of the Association. In 2024/2025 financial year, operational revenue increased by 9% to R188 million from R173 million, driven by both fixed operating revenue and raw water sales. Water delivery volumes recovered strongly to 9,373,525 m³, reversing the downward trend observed in 2024 when volumes fell to approximately 8.5 million m³ due to the downturn in the Platinum Group Metals (PGM) market.

Direct operational cost for the scheme rose by 33% to R67 million from R50 million, driven primarily by rising electricity costs. Direct electricity costs increased by 31% from R46 million to R60 million, continuing to place upward pressure on operational expenditure. While direct raw water costs rose by 52% to R6 million from R4 million, the increase was supplemented by the Department of Water and Sanitation's 8.6% industrial tariff increase. Despite these pressures, and a decrease in the operational scheme's share of interest income (R14 million in 2025 versus R21 million in 2024), the operational scheme delivered a net surplus of R22 million, showing a 28% decrease from R31 million in 2024, the surplus maintained highlight the operational scheme's continued financial strength amid cost escalation.



📷 Wiring check, Clapham Pump Station.

Outlook

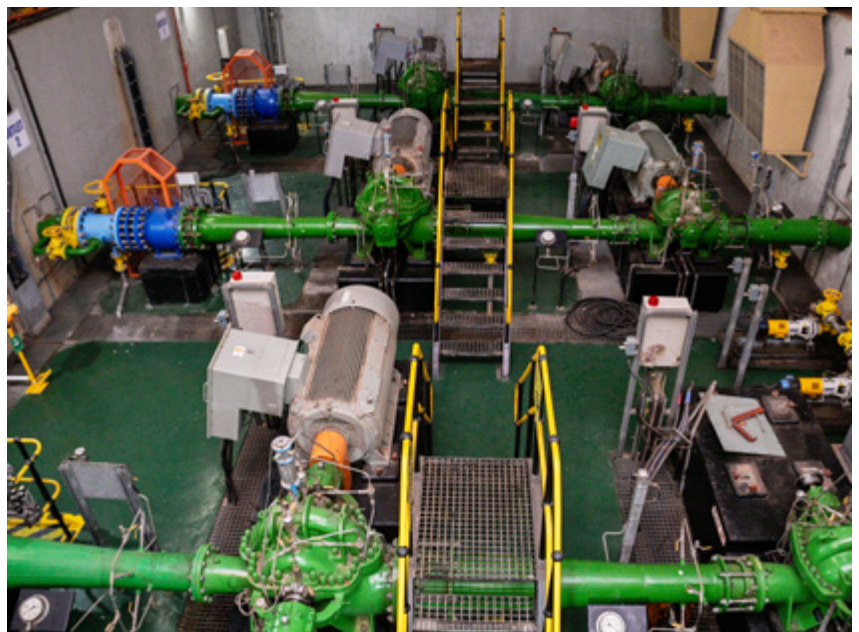
The Association's results for the period under review highlight the success of disciplined cost management and the resilience of its core water supply operations, even as ancillary income streams declined and direct operational costs rose.

Going forward, the financial outlook will be shaped by the execution of the OMMP, with associated income and expenditure expected to have a substantial impact on future results. As OMMP execution ramps up with R25 billion committed through 2034 revenues will diversify new water tariff structure to be introduced in the future, while assets base is expected to peak at R4 billion in 2025/2026 financial year. Electricity costs are expected to remain a significant operational challenge, underscoring the need for continued efficiency measures and energy saving initiatives. This platform will empower the Association to advance its mandate for a sustainable water for mines, communities, and the economy driving inclusive growth in the coming phase.

With liquidity and solvency ratios well above sector norms, and the ability to maintain a surplus despite reduced ancillary revenues, the Association remains a standout example of financial stability within a South African water sector facing significant challenges. This strong position enables the Association to continue delivering on its purpose of improving lives through water, while maintaining the stability and sustainability required to navigate the next phase of its growth.



📷 Maria Mohlala, Maintenance Planner, at Clapham Pump Station.



📷 Clapham Pump Station.

Performance review and outlook continued

Human capital

This year marked an important step in laying the foundations of a stronger workforce, with a focus on building capacity, skills and a culture of safety to support the Association's expanding mandate.

Our human capital strategy is rooted in the Association's core values, which guide how we work collaborate and make decisions. These values shape our organisational culture, support a high-performance environment and guide how we attract, develop and retain talent. We recognise that our employees

are essential to delivering on our strategic objectives. We support a growth-oriented culture, prioritising internal recruitment and promotion, and creating opportunities for employees to apply their skills in alignment with our broader organisational goals.

Our relationship with employees is grounded in compliance with all relevant labour and employment legislation, supported by corporate governance standards and best practice. We ensure full compliance with the Basic Conditions of Employment Act, Labour Relations Act,

Employment Equity Act, Skills Development Act, Unemployment Insurance Act and Occupational Health & Safety Act, as well as relevant Government guidelines.

Systems are in place to track legislative changes, assess their impact and inform both leadership and employees. Day-to-day policy implementation is approved by the Management Committee and consistently aligned to our values and legal obligations.

Highlights



Recruitment of 13 new employees, increasing the total workforce to 64*; and



Filling of four critical top management positions – Chief Executive Officer, Shared Services Director and Chief Financial Officer, Programme Management Unit Director and the Olifants Management Model Programme Director.

* Up from fifty five employees in 2024 – during the reporting period there were two resignations, one retirement and, sadly, one employee who passed away from causes unrelated to work.

Workforce profile

During the reporting period, we strengthened our top and senior management capacity to support the execution of the OMMP and ensure the long-term strength and resilience of the Association's core operations, which remain the engine room of our service delivery.

Transformation in workforce composition, particularly within top and senior management, remains a key focus area. As at 30 June 2025, top and senior management comprised 50% African and Indian males and 21% African and White females. Across the total workforce, 91% of employees were African, Coloured or Indian, with women representing 31% overall, including African women who accounted for 28% of all employees.



(from left): Vinesh Dilsook, Engineering and Environmental Manager, Felix Mothiba, Head of Construction, David Ayisi, Project Manager, Segomotso Kelefetswe, PMU Director, Johannes Mavuso, OMMP Director, Thembani Makhubele, Head of Operations and Maintenance, and Lungisa Sishuba, OMMP Project Manager.

Workforce profile

Level	Male				Total Male	Female				Total Female	Total
	A	C	I	W		A	C	I	W		
Top Management	2			1	3				1	1	4
Senior Management	6		1	1	8	1			1	2	10
Management	10	1		2	13	5				5	18
Semiskilled labour	5	1			6	1				1	7
Unskilled Labour	14				14	11				11	25
TOTAL	37	2	1	4	44	18	0	0	2	20	64

Performance management

The ability to create value for stakeholders depends on the skills, dedication and well-being of our workforce. To strengthen accountability and support continuous development, the Association has developed a performance management system built around individual agreements with key performance indicators (KPIs) that align personal objectives with organisational goals.

The system was piloted prior to the reporting period, and the lessons drawn from that process will inform its refinement. Full implementation is planned for the 2025/26 financial year, creating a consistent approach to recognising and rewarding performance while providing targeted support where needed.

Learning and development

The Association is committed to being a learning organisation, investing in the skills and capabilities of its workforce. During the reporting period, the Association spent between 2.0 – 2.5% of total payroll on learning and development initiatives.



People remain the Association’s greatest asset

Leadership and talent development is key to our transformation. Bursaries to the value of R675 789 were awarded to 10 employees for the 2025 academic year.

Performance review and outlook continued

Health and safety

Employee health, safety and environmental stewardship remain top priorities. Risks are escalated promptly to management and the Finance Committee, which oversees audit and risk. Quarterly Safety, Health and Environment (SHE) committee meetings are held in compliance with the Occupational Health and Safety Act. Incidents, accidents and occupational illnesses are recorded, reported and addressed. SHE representatives conduct monthly inspections, with findings documented and actioned, while an independent consultant performs comprehensive annual safety audits.

Outlook

Looking ahead, we will continue implementing our transformation roadmap, targeting a workforce of approximately 150 employees by 2029. This expansion presents opportunities to strengthen diversity, embed an ethical culture and build a high-performing, socially-responsible organisation.

Ready to respond – strengthening workplace safety

The Association has entered into a Service Level Agreement with MIMED Occupational Health (Pty) Ltd for the provision of Occupational Health and Emergency Medical Services across our operational footprint. This new partnership will enhance workplace safety and ensure faster, more effective response times in the event of workplace incidents.


Key priorities for the year ahead include:

Continued refinement of the performance management system;

Ongoing rollout of the new organisational structure;

Implementation of updated human resources policies and procedures.



 *Khutso Sihlangu (Centre), Head of Engineering and Reliability, with Lewis Mishone and Tetsabile Sibandze from IV Solace.*

Socio-economic development (SED)

Our commitment to development

The Association’s socio-economic development (SED) initiatives are a cornerstone of our mandate and a vital part of laying the foundation for inclusive growth in our host communities. We are deeply committed to delivering lasting impact in the communities in which we operate. Through our SED initiatives, both under the Association’s operations and the OMMP, we aim to realise this impact by addressing educational needs, enhancing connectivity, supporting local enterprises, promoting food security and encouraging youth development.

Community engagement approach

We recognise that meaningful stakeholder engagement is essential for maintaining our social licence to operate and for delivering shared value. Our engagement approach includes:

- Identifying communities affected by our operations and the OMMP;
- Assessing the impact and influence of each stakeholder group;
- Developing appropriate channels for information sharing and feedback;
- Ensuring ongoing engagement throughout the project lifecycle; and
- Continuously adapting our engagement strategies based on community needs and feedback.

Our SED priority themes

The Association’s SED strategy centres on five priority themes:



- Education;
- Enterprise development;
- Potable water access;
- Sanitation and water re-use;
- and Connectivity and digital inclusion.

In addition, we support agricultural initiatives in partnership with the Limpopo Department of Agriculture and Rural Development to enhance food security and sustainable practices in our doorstep communities.

Operations SED initiatives

Education support

We continued our longstanding support to the Limpopo Department of Education (in the Malokela Circuit in Sekhukhune-East District), focusing on 12 primary schools, one private school and three high schools. Our initiatives aim to promote an environment conducive to learning and development.

Interactive whiteboards and educator training

During the review period, we installed 28 interactive learning whiteboards at 12 primary schools. These whiteboards are equipped with interactive curriculum software aligned with the South African National Curriculum Statement, covering all the learning outcomes and assessment standards, and the Curriculum and Assessment Policy Statement for Grades R–9 in numeracy and literacy.

In addition, 11 educators from four primary schools completed MICT SETA-accredited training, on the effective use of the whiteboards, in January 2025. A further nine educators (from three primary schools) and four Nal’ibali team members began their training in October 2024, with completion anticipated by October 2025. To date, we have trained 75 educators to integrate this technology into their classrooms.



Interactive whiteboard in use at Mampuru 2 Primary School.

Performance review and outlook continued

Free Wi-Fi for schools

10 schools in the Sekhukhune East area now benefit from free Wi-Fi provided by the Association, helping to bridge the digital divide and support 21st-century learning.

Nal'ibali Reading Campaign

We renewed our partnership with Nal'ibali for a further three years, which has been welcomed by all stakeholders involved. The programme continued targeting Early Childhood Development (ECD) centres, primary schools and community drop-in centres across seven communities, in the Association's current operational area in Sekhukhune East district, which include Sehunyane, Shakung, Malokela, Ga-Phala, Modubeng, Motloulela and Ga-Masete.

The four key objectives of the programme include:

- Increasing access to and use of reading materials;
- Raising awareness of the importance and benefits of reading for enjoyment;
- Training adults to conduct reading activities with children; and
- Supporting adults to create regular, enjoyable opportunities for children to engage with books and stories.

The reading campaign has made a meaningful impact, engaging learners through regular story sessions, club activities, holiday programmes and reading competitions.



📷 Nal'ibali encourages reading for enjoyment.

Key achievements

Material delivery:

Due to a shortage of reading materials generally available within our host communities, we delivered the following content during the review period:

- 28 617 newspaper supplements;
- 7 684 Read Aloud books;
- 95 Nal'ibali story anthologies;
- 424 Ke Leeto (1st edition) and 600 Ke Leeto (2nd edition) story collection books;
- 1227 World Read Aloud Day story cards;
- 253 Nal'ibali story compendiums; and
- 86 story board games.

Reading clubs:

16 community-based reading clubs were opened, servicing 571 children.

Story sessions and WRAD event:

1 059 story sessions were held, including 320 school sessions, 341 ECD sessions and 398 community reading club sessions. The annual World Read Aloud Day (WRAD) event was attended by 120 children from 12 schools.

Training and employment:

To support the Nal'ibali programme, we trained 55 participants, including eight educators, 12 ECD practitioners and 35 caregivers. Employment opportunities created through the Nal'ibali Programme include one Project Lead and three Story Speakers.

Additional achievements:

- Held four Lekgotla Community of Practice meetings to discuss sustainable improvements in local educational practices;
- Reached 846 children through the Nal'ibali holiday programme during September 2024;
- Launched the 2nd edition of the Association's children's anthology, Ke Leeto (It's a Journey), which features 39 stories and illustrations by learners and parents, at Letolwane Primary School on 4 October 2024;
- Hosted three-day, cluster-based reading competitions, which aim to prepare learners for the Department of Basic Education's annual competition, in April 2025 – 187 learners and 17 adults attended these sessions; and
- Assisted four ECDs to each obtain funding to the value of R12 000 from the DG Murray Trust.



📷 Nal'ibali in action at Kwata Primary School.

Enterprise and supplier development

During the review period, we trained a further nine local SMMEs in business management, bringing our two-year total to 16.

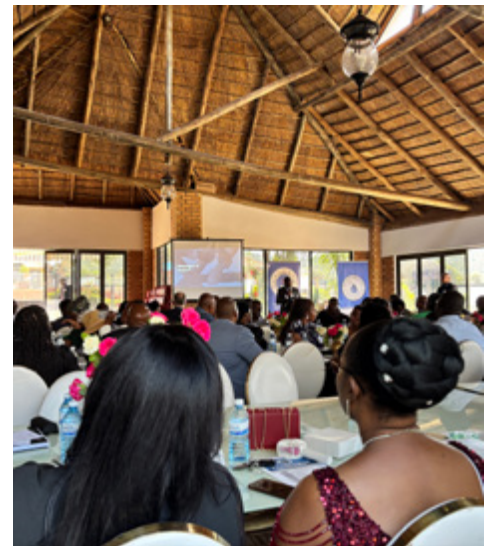
Events, donations and sponsorship

Eastern Limb Joint Career Expo – 5-9 May 2025, Driekop

The Association was a sponsor, exhibitor and member of the organising team for this year’s career expo. 317 Grade 12 learners from five high schools within the Association’s host communities participated for the first time. These schools, all part of the Malokela Circuit, included Mape Secondary School, Motloulela Secondary School, Potoko High School, Shakung Secondary School and Mmutlane Technical High School.

Kgoshi Phala funeral – April 2025, Ga Phala

Kgoshi Phala, a respected and long-standing stakeholder of the Association, passed away on 16 April 2025. Association representatives attended the funeral to pay respects, acknowledge the valuable relationship between the Association and Kgoshi Phala and honour his contribution to development and collaboration in the region.



📷 Certification ceremony.

CEO introduction to Magoshi and certification ceremony – 10 April 2025, Ga Phasha

The Association hosted an information sharing session with traditional leaders and ward councillors from our host communities on 10 April 2025. This was followed by a certification ceremony to celebrate community members who had completed SETA-accredited training programmes funded by the Association. The event, attended circuit managers (in addition to the abovementioned key stakeholders), recognised 51 educators trained in whiteboard technology and seven project management trainees from local SMMEs trained in the previous financial year.

Annual community soccer tournament – 7-8 December 2024, Phala Soccer Ground, Ga Phala

Recreation projects are a key aspect of our socio-economic development programme. The Association-sponsored tournament brought together six communities, encouraging unity and healthy competition.

Agricultural development – September 2024, Sekhukhune East

In support of food security and sustainable agriculture, and in partnership with the Limpopo Department of Agriculture, Rural Development and Land Reform, the Association donated seeds, insecticides and compost to 30 local farmers, as well as learners at Kwata Primary School.



📷 Edward Moloto, Social Development Officer, with representatives from LDARD.

Operations SED spend

The Association’s total SED spend for the year amounted to R1 867 471.85 as detailed in the following table:

Initiatives and associated percentage expenditure

Initiative	% Spend
Education support	85.6%
Enterprise and supplier development	3.3%
Events, donations and sponsorship	8.9%
Community borehole maintenance	2.2%

OMMP SED initiatives

Through the OMMP, the Association is implementing an expanded socio-economic development (SED) programme over the next 10 years.

Performance review and outlook continued


School Upgrade Programme (SUP)

The SUP remains the OMMP's flagship SED initiative. In the year under review, construction upgrades were completed at four schools – three in Mogalakwena Local Municipality (Alfred Masibe Primary, Cornelius Masibe Primary and Dumazi Primary Schools) and one in Sekhukhune District Municipality (Mampuru 2 Primary). Upgrades at each school include the installation of low-flush ablution facilities with an on-site wastewater treatment plant, interactive whiteboards, solar power, a vegetable garden, library and computer room. As part of the Association's enterprise development initiatives, four local SMMEs were appointed to complete the upgrades.



 New infrastructure at Mampuru 2 Primary School in Ga-Mampuru, Steelpoort.




 Low-flush ablution facilities




 Containerised kitchen facilities.



 On-site wastewater treatment plant



 Containerised ablution facilities.

Participate Envision Navigate (PEN) Programme

Launched in April 2024, the three-year PEN Early Childhood Development (ECD) Programme aims to equip 30 ECD centres across six Steelpoort communities to produce school-ready learners. In the period under review, interventions included the training of ECD centre owners in effective centre management, training of ECD practitioners in planning and implementing lessons in alignment with Department of Education standards, conducting baseline and year-end assessments and developing improvement plans for each ECD centre. In terms of achievements, to date 21 ECD centres have enrolled in the programme, three local coaches have been appointed and nine training sessions and 31 lesson planning sessions were held.

Interactive whiteboards and educator training

A total of 44 whiteboards were installed at Alfred Masibe, Cornelius Masibe and Mampuru 2 Primary Schools. 41 educators from the three schools commenced year-long training on effective whiteboard use. Feedback from educators to date highlighted increased learner participation, improved understanding and enhanced classroom engagement.

OMMP SED spend

The OMMP’s total SED spend for the year amounted to R12 151 447.43 as detailed in the following table:

Initiatives and associated expenditure

Initiative	Outcomes	% Spend
Education support	Implementing new upgrades at four Primary Schools through the School Upgrade Programme	92%
	Maintaining Kwata Primary School	0.3%
	Implementing the PEN Programme	6.4%
	Installing interactive whiteboards and implementing year-long training across three Primary Schools	1.3%

Outlook

In the year ahead, the Association, through its Operations and OMMP SED spend, will continue building on our socio-economic development progress by:

- Continuing the Nal’ibali reading programme;
- Continuing interactive whiteboard training for educators;
- Expanding the PEN ECD Programme;
- Identifying additional schools for upgrade under the SUP;
- Strengthening partnerships with Traditional Authorities from our host communities and the Department of Agriculture to promote household food security;
- Supporting the annual career expo and youth sporting events; and
- Providing further SMME development training opportunities.

Together with our partners and stakeholders, we remain committed to delivering tangible, lasting benefits that extend beyond our core operations.



📷 Warren Makgowe, Head of Stakeholder Management, with PEN representatives.

Performance review and outlook continued

Stakeholder engagement

Effective stakeholder engagement remains central to the Association's ability to fulfil its mandate and deliver long-term, sustainable value. Over the year under review, we not only sustained meaningful engagement with our primary stakeholders, but also made significant progress in deepening and redefining key relationships. These developments underscore the strength of our approach, which is grounded in the principles of inclusivity, materiality and responsiveness, and aligned with recognised industry best practice.


We have actively strengthened stakeholder relations with National, Provincial and Local Government structures; in particular, the National and Limpopo Provincial Department of Water and Sanitation (DWS), the Lepelle Northern Water Board (LNW), relevant municipalities, including the Sekhukhune District, Fetakgomo Tubatse Local, Elias Motsoaledi Local, Ephraim Mogale Local and Mogalakwena Local Municipalities, and Traditional Authorities from across our current and future areas of operation. We have continued to engage with all our existing Commercial Members, prospective members from across the Northern and Eastern Limbs who are interested in joining the Association as well as various non-member commercial water users.

Quality of our relationships

We remain attuned to the needs, expectations and interests of our stakeholders, recognising that the quality of these relationships, and the effectiveness of our response, is fundamental to the successful delivery of our strategy. To guide our engagement efforts, we classify stakeholder relationships into four categories:

- 1. One-way relationships:** Limited interaction, characterised by one-way communication;
- 2. Developing relationships:** Emerging two-way communication, with measurable improvements in engagement;
- 3. Good relationships:** Established two-way communication supported by constructive and consistent engagement; and
- 4. Strong relationships:** Deep, collaborative relationships where stakeholders are meaningfully integrated into governance processes and strategic decision-making.



 Internal launch, 21 February 2025.

Key stakeholders

Members

Stakeholder	Members
Quality of relationship	Strong relationship
Contribution to value creation	The construction of all our infrastructure, which is fully owned by the Association, was funded by our Members. Our membership is outlined on page 10 of this report.
How we engaged	<ul style="list-style-type: none"> Meetings, Annual General Meetings (AGM), Special General Meetings (SGM), periodic reports and targeted information sessions
Needs and expectations	<ul style="list-style-type: none"> Reliable water supply; Experienced management team; Ethical culture; Transparency; and Legal and regulatory compliance.
Value created for stakeholder	<ul style="list-style-type: none"> Provision of uninterrupted bulk raw water; Prompt response to Member queries and material needs; and Robust engagements at members’ meetings, AGM.

Regulators

Stakeholder	Regulators
Quality of relationship	Strong relationship
Contribution to value creation	Our regulators ensure we comply with legislative obligations while acting in the best interests of our stakeholders.
How we engaged	<ul style="list-style-type: none"> Regular and extensive interaction and engagements Accurate, timeous, transparent and comprehensive statutory reporting. Formal interaction and participation in industry forums and policy discussions. Submission of comments and inputs in the legislative processes.
Needs and expectations	<ul style="list-style-type: none"> Timely and transparent reporting and disclosures; Maintaining legal compliance in a complex regulatory landscape; and Active participation and contributions to legislation and policy.
Value created for stakeholder	<ul style="list-style-type: none"> Contribution to industry forums and policy development; A strong governance framework and culture of ethical leadership; Easy access for engagement and prompt response to queries; and Acquisition of expert knowledge and skills.



 Bertus Bierman, Strategic Adviser, and Lungisa Sishuba, OMMP Project Manager, at IMESA '24.



 Commitment plaque.

Performance review and outlook continued

Financiers

Stakeholder	Financiers
Quality of relationship	Strong relationship that integrates stakeholder engagement into governance and strategy through meaningful collaboration.
Contribution to value creation	Financiers enable the implementation of our infrastructure programmes by providing essential funding. Their involvement reinforces sound governance, compliance and a shared commitment to long-term value creation for all stakeholders.
How we engaged	<ul style="list-style-type: none"> • Regular and extensive interaction and engagements; • Accurate, timeous, transparent and comprehensive financial reporting; and • Formal interaction and participation in industry fora.
Needs and expectations	<ul style="list-style-type: none"> • Timely and transparent reporting and disclosures; • Maintaining legal and financial regulatory compliance; • Highly skilled and accessible management team; and • Prompt response to queries and material needs.
Value created for stakeholder	<ul style="list-style-type: none"> • Prompt response to queries and material needs; and • A strong governance framework and culture of ethical leadership; • Easy access for engagement and prompt response to queries; and • In future, a valuable return on investment.

Traditional authorities and doorstep communities

Stakeholder	Traditional Authorities and doorstep communities
Quality of relationship	Good relationship in our current area of operation; and Developing relationship in future area of operation.
Contribution to value creation	Traditional Authorities and communities contribute valuable local insight that informs our SED initiatives. Their participation in employment, training and enterprise development supports inclusive growth and strengthens our social impact.
How we engaged	<ul style="list-style-type: none"> • Meetings, publications, periodic reports, SED initiatives
Needs and expectations	<ul style="list-style-type: none"> • Contribution to sustainable development through SED initiatives; • Ethical culture, transparency, legal and regulatory compliance; • Sustainable job creation and fair remuneration; and • Easy access for engagement and prompt response to queries.
Value created for stakeholder	<ul style="list-style-type: none"> • Community investments through various SED initiatives, including local infrastructure upgrades, skills development, employment opportunities and more; and • Participation in the Association’s supply chain through meaningful and sustainable business opportunities.



OMMP Project Managers, Lungisa Sishuba and Vumboni Manganyi at IMESA '24.



Prakashim Moodliar (Valterra Platinum / Association Chairperson).

Performance review and outlook continued

Municipalities, Water Service Authorities and Providers

Stakeholder	Municipalities, Water Service Authorities and Providers
Quality of relationship	Good relationship
Contribution to value creation	We work collaboratively with municipalities and water service institutions to align on shared mandates, enhance water service delivery and build trust and support within communities.
How we engaged	<ul style="list-style-type: none"> Ongoing formal and informal engagements to exchange feedback and align expectations; and Collaboration on planning, implementation and service delivery initiatives.
Needs and expectations	<ul style="list-style-type: none"> Strong, responsive and experienced management team; Reliable and sustainable water supply; Ethical conduct and transparent communication; and Contribution to policy and planning processes.
Value created for stakeholder	<ul style="list-style-type: none"> Strengthened partnerships through open, responsive engagement; Finalisation of Water Master Plans to support long-term planning; Implementation of SED initiatives; and Support in delivering on constitutional water service obligations.

Employees

Stakeholder	Employees
Quality of relationship	Good relationship
Contribution to value creation	Our employees are essential to delivering on our commitments to stakeholders, enabling our integrated value proposition and ensuring the long-term sustainability of the Association. Their skills, commitment and shared purpose are key drivers of operational excellence and organisational resilience
How we engaged	<ul style="list-style-type: none"> We engaged with employees through a combination of formal channels and informal touchpoints to allow for a better understanding of their needs and expectations, enabling a proactive response.
Needs and expectations	<ul style="list-style-type: none"> Fair remuneration and recognition; Career development and advancement opportunities; and A positive work environment that encourages diversity and equal opportunity.
Value created for stakeholder	<ul style="list-style-type: none"> We provided our employees with the support they need to adapt to new ways of working; and We nurtured a culture of inclusivity and shared purpose, aligned with the spirit of Badirammogo, that encourages teamwork, collaboration and belonging

Suppliers

Stakeholder	Suppliers
Quality of relationship	Strong relationship
Contribution to value creation	We collaborate with suppliers to enhance our ability to deliver on our mandate in a cost-effective manner. Our suppliers play a crucial role in upholding the quality of our proposition. We prioritise suppliers who align with our values and commitment to stakeholders.
How we engaged	<ul style="list-style-type: none"> Formal and informal engagements to share our needs and feedback on the services delivered.
Needs and expectations	<ul style="list-style-type: none"> Participation in the Association's supply chain through meaningful and sustainable business opportunities; Strong, responsive and experienced management team; and Ethical culture and transparency.
Value created for stakeholder	<ul style="list-style-type: none"> Easy access for engagement and prompt response to queries; and Long-term collaboration on future projects and value creation.

Performance review and outlook continued

Communication initiatives

Introduction

The 2024/25 reporting period marked a significant transition for the Association. While the new name reflects a renewed mandate and expanded focus, much of the year's work was still undertaken under the Association's old identity. Communication activities throughout the period were geared towards ensuring continuity, stakeholder alignment and readiness for the next phase of our journey.

Strategic communication support was structured around three key priorities:

- Reinforcing the credibility and relevance of the Association through visibility and thought leadership;
- Supporting stakeholder confidence and buy-in for the OMMP and the Association's transformation; and
- Laying the groundwork for long-term brand alignment and stakeholder engagement.

External communication

Media and publications

The Association maintained a consistent media presence, contributing content to key news and industry platforms to profile the OMMP and the Association's performance and transformation. The ongoing campaign covered publications such as Business Day, News24, Creamer Media (Engineering News and Mining Weekly), Water & Sanitation Africa.

Two issues of the Association's official newsletter were produced in the reporting period:

- Issue 2, 2024 (published in December 2024): The newsletter focused on key events, OMMP progress and an update on the Association's transformation; and
- Issue 1, 2025 (published in June 2025): The newsletter announced the Association's official name change, covered stakeholder engagement and events, and reported on socio-economic development achievements.

In addition, the Association published 2 issues of its Community Newsflash to provide updates on the latest OMMP developments and socio-economic development (SED) initiatives. 1 500 copies of the 4-page Newsflash, provided in both English and Sepedi, were distributed across our host communities.

The Association launched a Monthly Progress Bulletin in April 2025, with three issues circulated during the review period. The 2-page, dashboard-style publication, distributed to key internal and external stakeholders, provides updates on the previous month's safety and operations statistics, as well as progress on key socio-economic development initiatives and OMMP implementation.

Website and internal digital platforms

While the development of a new website (to align with the new brand and expanded mandate) is scheduled for the 2025/26 financial year, updates to the Association's existing website were initiated during the reporting period. This work was accompanied by Corporate Identity adjustments across internal digital platforms to ensure brand consistency.

Social media

Social media was used strategically to extend the Association's reach and reinforce its identity. The Association maintained an active LinkedIn presence, with communication focusing on:

- Socio-Economic Development (SED) initiatives (linked to both the OMMP and the Association's operations);
- Skills development and investment in host communities;
- Participation in key conferences, events and meetings; and
- Recognition of milestones, including ISO certification and internal launch of the new brand.

In the period under review, the Association published four posts a month on average that saw over 43 000 impressions (i.e. the number of times the content appears on a screen), received 900 reactions and generated 47 comments and increased the Association's page following by 338.

In line with its transition, the Association updated its LinkedIn profile to reflect the new brand, and launched a campaign to support and explain the transformation.

Corporate communication policy and brand guide development

A Corporate Communication Policy was developed and approved by ManCom during the reporting period. The policy that aims to ensure that all communication of material information is factual, accurate,

credible and in accordance with good governance, and consistent with the Association's vision, mission, purpose, core values and mandate. It sets out the key elements of the Association's approach and commitments to communicating and engaging with our stakeholders in a manner consistent with our Business Integrity Policy.

Further to this, significant groundwork was undertaken to prepare for the brand migration, including a comprehensive Brand Guideline, which details visual identity, tone and application across communication materials, and updated templates and presentations aligned with the new identity. This work aims to ensure that all future communication outputs are consistent, professional and aligned with the new legislative mandate and strategic positioning.

Events

The Association coordinated and participated in a wide range of events during the year, fulfilling strategic visibility and developing collaboration opportunities. These engagements serve several business purposes: they position the Association as a credible and trusted partner in the water sector, provide platforms to communicate progress on transformative initiatives such as the OMMP, and create opportunities to strengthen relationships with Members, Government, industry peers, communities and funders.

Internal launch

An internal brand launch was held on 21 February 2025 at the Protea Hotel Polokwane Ranch Resort to introduce the new identity to employees, contractors, service providers and key stakeholders. Attendees symbolically demonstrated their commitment by placing their names on a commemorative plaque – a gesture reflecting unity and shared purpose.

Key conferences and exhibitions

The Association attended and/or exhibited at several high-impact sector events:

- WISA Conference (June 2024, Durban);
- Infrastructure Africa Conference (July 2024, Cape Town);
- Lesotho Engineering Conference (August 2024, Maseru, Lesotho);
- The Joburg Indaba (October 2024, Johannesburg);
- SANCOLD Conference (November 2024, Johannesburg);
- IMESA Conference (November 2024, Cape Town);
- Africa Energy Indaba – Catapult Pitch Session (March 2025, Cape Town);
- Water and Sanitation Indaba (March 2025, Midrand);
- PGM Industry Day (April 2025, Johannesburg); and
- SIDSSA25 (May 2025, Cape Town).

Each of these engagements helped position the Association's programmes and mandate, foster dialogue with funders, and increase awareness of its evolving identity and impact.

Community events and engagements

Key events coordinated or supported during the year under review include:

- Celebration of Life (September 2024, Modubeng) – Honoured the legacy of Raymond Miller, a long-serving employee of the Association;
- ISO and NOSA Certification Ceremony (October 2024, Modubeng) – Celebrated the Association's four-star NOSA rating, the receipt of ISO 9001, 14001 and 45001 certifications and the winning of a prestigious regional NOSA award in our first year of accreditation;
- Magoshi Meeting (April 2025, Ga Phasha) – Introduced the Association's new CEO to Traditional Authorities in our area of operation, and provided an update on the OMMP and SED initiatives;

- Certification Ceremony (April 2025, Ga Phasha) – Recognised the completion of SETA-accredited training by community educators and SMME representatives; and
- Eastern Limb Joint Career Expo (May 2025, Driekop) – Participated as a sponsor, exhibitor and member of the organising team, highlighting our commitment to education and youth development. 317 Grade 12 learners from five high schools in the Malokela Circuit (which lies in our area of operation) attended.

Because the Association works across many communities and areas, a consistent and visible presence is essential. Out community-related events strengthen relationships with local stakeholders, build trust and reinforce the Association's social licence to operate – ensuring that communities see and experience the value of our work while enabling smoother delivery of projects on the ground.

Outlook

Communication efforts in the year ahead will focus on deepening stakeholder engagement, driving brand recognition, showcasing impact, enhancing communication consistency and supporting the successful implementation of both the OMMP and the Association's broader strategic objectives. The official external launch of the Association's new brand is scheduled for the 2025/26 financial year and is expected to coincide with the sod-turning event for Stage 1 of the OMMP.



📷 Special General Meeting, 6 June 2025.

Performance review and outlook continued

Governance, risk and compliance

Laying the foundations for the Association's future growth required a strong focus on governance, risk and compliance during the reporting period. The Association's transformation, formalised through the gazetting of our amended Constitution in May 2025, expanded both our mandate and our accountability. It is against this backdrop that the Management Committee (ManCom) and its sub-committees strengthened oversight structures, refined policies and enhanced risk management practices to ensure the Association remains well positioned to deliver on its purpose. Robust governance and compliance are not only legal requirements but also the cornerstones of trust, providing assurance to our Members, partners and stakeholders as we enter the next phase of our journey.

Governance

According to Section 94(1) and (2), read together with Schedule 4(1) of the National Water Act, ManCom is responsible for the management of the affairs of the Association. It is in effect, the board of the Association. ManCom is composed in accordance with Chapter 8 of the National Water Act as well as the provisions stipulated in the Association's Constitution and Members' Agreement. Members of this committee are nominated in line with Schedule 5(12) of the National Water Act and elected in accordance with clause 13 and 14 of the Constitution.

While ManCom has the overall responsibility for the management of the affairs of the Association, it has appointed a Chief Executive Officer to oversee the day-to-day management of the affairs of the Association in accordance with Section 17(3) and Schedule 4 of the National Water Act. The Constitution and the Delegation of Authority Framework set the parameters for the powers of the Chief Executive Officer. Overall, ManCom is responsible for the oversight of the implementation of the strategy and business plan, fostering an ethical culture across the organisation, overseeing compliance with ethical norms, and ensuring that the Association upholds the highest standards of good governance and responsible practices.

Remuneration of committee members

In keeping with the Association's not-for-profit, cost-recovery model, non-executive members of the Management Committee, and the sub-committees, do not receive any form of remuneration, fees or allowances for their services. Their participation is entirely voluntary, reflecting their commitment to the mandate of the Association and its Members, and reinforces our principle of directing resources towards operations, infrastructure delivery and socio-economic development.



 Team members with Institutional and Commercial Members' representatives.

Management Committee (ManCom)

In line with the new constitution, the Association's reconstituted ManCom is larger and is split equally between Institutional and Commercial Members, now comprising nine members, namely: four members elected by Commercial Members, four members elected by Institutional members and the CEO as an *ex officio* member. ManCom held seven meetings during the period under review.

Membership of ManCom*

- **Mr P Moodliar** (Chairperson) Valterra Platinum;
- **Dr R Mathye** (Deputy Chairperson) Department of Water and Sanitation;
- **Dr K Duvenhage** (CEO) Badirammogo Water User Association;
- **Mr J Jansen** African Rainbow Minerals (Modikwa);
- **Ms LT Kobe** Limpopo Department of Water and Sanitation;
- **Dr G Maluleke** Rustenburg Platinum Mine;
- **Mr T Masindi** Limpopo Department of Water and Sanitation;
- **Dr C Ruiters** Lepelle Northern Water Board; and
- **Ms L Yin** Nkwe Platinum.

* Mr JA Bierman left ManCom on 31 December 2024.

Permanent Invitees

- **Mr S Kelefetswe** (PMU Director) Badirammogo Water User Association;
- **Mrs E Broekman** (Shared Services Director and Chief Financial Officer) Badirammogo Water User Association;
- **Ms J Mavuso** (OMM Programme Director) Badirammogo Water User Association; and
- **Mr M Luthuli** (Head of Business Services, GRC and Legal / Company Secretary) Badirammogo Water User Association.

Key Achievements

ManCom had the following key achievements during the period under review:

- Oversaw the amendments of the Association's Constitution, resulting in the transformation from Lebalelo to Badirammogo. This transformation means that, effective 16 May 2025, the Association's mandate, as well as its area of operation, have been expanded to include potable water infrastructure development;
- Reviewed and approved the 2024 Annual Financial Statements, the 2025/2026 budget and integrated annual report;
- Reviewed and approved the OMMP's Operating Model as well as the Study and Construction phase budgets for the 2025/2026 financial year;
- Approved the terms of reference and elected members of ManCom, FinCom, SeCom, RemCom, OMMP Implementation Committee and the Development Steering Committee. ManCom also created two other sub-committees, namely: the Operational Effectiveness and Accountability Committee and the OMMP Funding Committee;
- Monitored and oversaw the Association's spending versus budget, investments, the implementation of the OMMP, the Association's operations and the implementation of the organisational strategy;
- Oversaw and approved the OMMP's asset ring-fenced Special Purpose Vehicle (Lebalelo Regional Water) and appointed its directors;
- Reviewed and approved the placement of the R5.1 billion OMMP's Stage 1 EPC contract;
- Amended the Association's Delegation of Authority Framework to accommodate the newly-created governance structures and to align the Association with Principle 10 of King IV;
- Reviewed and approved the following policies:
 - Business Integrity Policy;
 - Occupational Safety and Health Policy;
 - Procurement Policy;
 - Finance Policy;
 - Human Resources Policy;
 - Risk Management Policy;
 - Programme and Project Development and Implementation Policy;
 - Project Controls Policy;
 - Sustainable Development Policy;
 - Socio-Economic Development Policy;
 - Stakeholder Engagement Policy; and
 - Corporate Communication Policy.
- Initiated a recruitment process and ultimately appointed Dr Duvenhage as the CEO of the Association;
- Reviewed and approved the annual water tariff; and
- Strengthened engagements with the Association's key stakeholders including Members, the DWS, municipalities, Traditional Authorities and door-step communities.



 (from left) Johan Jansen (ARM Platinum) with Bertus Bierman, Kobus Duvenhage and Elanie Broekman.



 Shane Laubscher and Heather Booyesen (Samancor).

Performance review and outlook continued

Outlook

With the amendment of the Association's Constitution gazetted by the Minister on 16 May 2025, the CEO and his team will, in the coming weeks and months, oversee the achievement of financial close and the finalisation of funding processes for the OMMP from both the Commercial and Institutional (Government) sides. Once this is concluded, the construction phase will commence. Drawing on the expertise of its members, ManCom will exercise its oversight responsibilities over these critical transactions and will keep the Association's Members informed throughout the process.

On the governance side, ManCom will strengthen its capacity by appointing members of the Operational Effectiveness and Accountability Committee and the OMMP Funding Committee who will augment the skills of ManCom through their advice and recommendations. The other sub-committees will continue providing their recommendations to ManCom in terms of financial, governance, risk management, information management, project management and other specialist areas of the Association.

Diversity and inclusion


The Association subscribes to the principles set out in Section 2 of the National Water Act, which include ensuring appropriate racial, gender and community representation. Furthermore, the Constitution promotes the principle of equal representation between the Institutional Members and the Commercial Members in ManCom.

Association sub-committees

During the period under review, the Association maintained three standing sub-committees and in June 2025 established three more as outlined in the ManCom report above. Each committee operates in accordance with a terms of reference formally approved by ManCom. Each terms of reference addresses various aspects, including composition, meetings, duties, responsibilities and the extent of each sub-committee's authority. Robust reporting practices are in place to ensure comprehensive oversight across all areas of responsibility. Each committee's terms of reference is subject to regular review and updates to guarantee alignment with evolving regulatory frameworks, emerging best practice and the strategic priorities of the Association.

Finance Committee (FinCom)



 Inside Spitskop Pump Station 2.

Purpose and Role of the Committee

The FinCom was established to provide support to ManCom, focusing on areas such as financial management and controls, auditing, compliance, risk, governance, combined assurance, IT governance and remuneration. The committee's terms of reference are aligned with paragraphs 51 to 59 of King IV (Finance Committee), which outline the core responsibilities and functions that guide its actions and contributions to the Association's governance structures.

Composition

The committee comprises five members and held eight meetings in the period under review.

Membership of the FinCom*

- **Dr R Mathye** (Chairperson) DWS;
- **Dr K Duvenhage** (Chief Executive Officer) Badirammogo Water User Association;
- **Mr S Paton** African Rainbow Minerals;
- **Mr S Laubscher** Samancor; and
- **Mr F Moatshe** DWS.

**Mr R Essay (African Rainbow Minerals), resigned from the committee on 24 June 2025.*

Permanent Invitees

- **Mr P Moodliar** (ManCom Chairperson) Valterra Platinum;
- **Mr J Mahapa** (Head of Finance) Badirammogo Water User Association;
- **Mrs E Broekman** (Shared Services Director and Chief Financial Officer) Badirammogo Water User Association; and
- **Mr M Luthuli** (Head of Business Services, GRC and Legal / Company Secretary) Badirammogo Water User Association.



📷 (from left): Arno Uys and Suan Mulder (Northam Platinum), Kamogelo Makhubalo and Murendeni Makhado (Impala Platinum)

Key Achievements

The FinCom provided consistent oversight and guidance to management, not only through scheduled meetings but also on an ongoing, ad-hoc basis. We are sincerely grateful for the continued support and guidance that all sub-committee members provided. Among the committee's achievements during the period under review, the following are most noteworthy:

- Reviewed the 2024 Annual Financial Statements, Integrated Annual Report, five-year business plan and the 2025/2026 budget;
- Reviewed the audit findings, ensuring that management addressed and resolved them;
- Monitored and oversaw the Association's spending vs the budget, investments, the implementation of the OMMP,
- the Association's operations and the implementation of the organisational strategy;
- Reviewed and recommended the Finance Policy for ManCom approval;
- Regularly reviewed the Association's management accounts to ensure compliance with solvency and liquidity requirements as outlined in the FinCom terms of reference and Annual Work Plans;
- Reviewed and recommended to ManCom the approval of the 2025/2026 budget;
- Continuously monitored the financial controls in the Association and the financial performance of the OMMP;
- Oversaw the governance of risk and information management; and
- Considered and recommended to ManCom the approval of water tariffs.

Outlook


The FinCom will continue to oversee spending and adherence to the budget, ensure the effectiveness of internal controls, and monitor the spending, sustainability, as well as solvency and liquidity of the Association. Specific focus will be placed on the enhancement of corporate governance adherence, as the Association grows and its scope and mandate expand. The OMMP's financial close will require the Association to enter into various complex financing agreements and FinCom is ready to provide its expertise and guidance to management during this period.




📷 Havercroft Settlement Ponds.

Performance review and outlook continued



 Mduduzi Luthuli and Morongwa Mashishi, Financial Accountant.



 Johan Jansen (ARM Platinum).

Olifants Management Model Programme Steering Committee (OMMPSC)

Purpose and Role of the Committee

The OMMPSC supports ManCom by overseeing the OMMP. It advises ManCom on institutional, technical, environmental, social, financial and other OMMP-related business. The primary role of the OMMPSC is to serve as a collaborative forum, ensuring consensus on decisions related to the OMMP.

Composition

The committee currently comprises nine members.

Membership of the OMMPSC*

- **Mr JA Bierman** (Chairperson) Lebalalo Regional Water
- **Dr K Duvenhage** (Chief Executive Officer) Badirammogo Water User Association
- **Ms LT Kobe** Limpopo Department of Water and Sanitation
- **Mr D Niebuhr** Department of Water and Sanitation
- **Ms H Oberholzer** Valterra Platinum
- **Mr P Moshokane** Lepelle Northern Water Board

- **Mr V Khumalo** African Rainbow Minerals
- **Mr S Kelefetswe** (PMU Director) Badirammogo Water User Association
- **Mrs E Broekman** (Shared Services Director and Chief Financial Officer) Badirammogo Water User Association

** Mr L Mabunda left the OMMPSC on 6 June 2025.*

The OMMPSC was reconstituted at the Association’s Special General Meeting held on 6 June 2025 in line with the newly gazetted constitution.

The newly reconstituted committee is yet

to hold its first meeting.

Outlook

The OMMPSC is preparing for the commencement of the construction phase of the OMMP and will continue to define arrangements and provide oversight for the delivery, monitoring and evaluation of the OMMP, including feedback into the Association’s strategic and governance bodies. This will be done in accordance with international best practice.



 The Havercroft Weir on the Olifants River.

Remuneration Committee (RemCom)

Purpose and Role of the Committee

The RemCom was established in alignment with paragraph 65 to 67 of King IV (Committee responsible for remuneration). The primary responsibilities of the RemCom include reviewing and making recommendations to ManCom on various matters encompassing remuneration, recruitment of senior executives, HR policies, organisational structure, compliance with the Employment Equity Act, and other labour legislation. Their duties encompass the following matters:

- Terms of employment for executive management;
- Appointment of the CEO and executive management members;
- Remuneration packages for the CEO, the executive management and remuneration parameters for other employees;
- Succession planning for executive management;
- Policies, strategies and practices related to performance management; and
- The parameters for the payment of the performance bonus.

Composition

The committee currently comprises four members and did not hold any meetings as it was reconstituted on 6 June 2025.

Membership of the RemCom*

- **Dr R Mathye** (Chairperson) DWS
- **Mr P Moodliar** Valterra Platinum
- **Dr K Duvenhage** (Chief Executive Officer) Badirammogo Water User Association
- **Mrs E Broekman** (Shared Services Director and Chief Financial Officer) Badirammogo Water User Association

* Mr JA Bierman left the RemCom on 31 December 2024.

* Mr JC Jansen left the RemCom on 6 June 2025.

Outlook

In the coming year, the Association will commence with the construction phase of the OMMP, which will entail a significant growth in personnel. Accordingly, the RemCom will ensure the adequacy of the human resources policies, salary packages and review and recommend the 2026/2027 annual inflationary increases. In addition, the Remuneration Committee will consider the performance assessments of the management team and make the appropriate recommendation regarding performance and retention bonuses.



📷 (from left): Thivhlonali Masindi (DWS), Lucy T Kobe (DWS) and Hermien Oberholzer (Valterra Platinum).



📷 Havercroft Weir.

Performance review and outlook continued

The Social and Ethics Committee (SeCom)

Purpose and Role of the Committee

The SeCom was established in alignment with paragraph 68 to 70 of King IV (Social and Ethics Committee) to aid ManCom in supervising matters related to social and ethical considerations, thereby ensuring the Association maintains its dedication as a socially responsible corporate citizen. The committee's core role revolves around the comprehensive oversight, guidance and advisory support for the efficacy of management's endeavours in the realms of social, ethical and sustainable development. This oversight encompasses a range of domains, including safety and occupational hygiene and wellness, with a focus on occupational health, environmentally responsible operations, preserving the Association's reputation, brand and ethics management, while upholding social mandates and fostering community development, as well as managing and nurturing relationships with various stakeholders.

Composition

The committee comprises four members and held three formal meetings and made other decisions on a round robin basis during the period under review.

Membership of the SeCom*

- **Dr G Maluleke** (Chairperson) Valterra Platinum;
- **Ms H Booysen** Samancor Chrome;
- **Mr T Masindi** Limpopo Department of Water and Sanitation; and
- **Dr K Duvenhage** (Chief Executive Officer) Badirammogo Water User Association.

* Mr JA Bierman left the SeCom on 31 December 2024.

* Ms H Oberholzer left the SeCom on 6 June 2025.

Key Achievements

The following were the key activities of the SeCom during the period under review and are highlighted in more detail in the Stakeholder Management report above:

- Oversaw socio-economic development projects, including the Nal'ibali reading programme, SMME training and development, and the refurbishment and equipping of schools in the communities with reading resources, interactive whiteboards, and Wi-Fi access;
- As part of the OMMP, the SeCom oversaw the school upgrade programme which, as referred to earlier in the report, is the OMMP's flagship socio-economic development initiative;
- Oversaw the achievement of 100% fatality-free hours since the Association's inception, in line with the Association's overall SHERQ strategy, as outlined earlier in this report;
- Fostered improved understanding, cooperation and partnerships with the Department of Water and Sanitation (DWS), provincial Departments of Basic Education, Agriculture and Rural Development, as well as traditional authorities, municipalities and communities;
- Monitored water and energy usage by Members and the Association and assessed the environmental impact of operations. Management, under the oversight of the committee, has managed to keep water losses at at 0.86 and continued to implement measures to reduce electricity usage;

Permanent Invitees

- **Mr P Moodliar** (ManCom Chairperson) Valterra Platinum;
- **Mr W Makgowe** (Head of Stakeholder Management) Badirammogo Water User Association;
- **Mrs E Broekman** (Shared Services Director and Chief Financial Officer) Badirammogo Water User Association; and
- **Mr M Luthuli** (Head of Business Services, GRC and Legal / Company Secretary) Badirammogo Water User Association.



(from left) Bertus Bierman, Kobus Duvenhage and Elanie Broekman.



(from left) Thivhlonali Masindi (DWS), Shane Laubscher and Heather Booysen (Samancor)

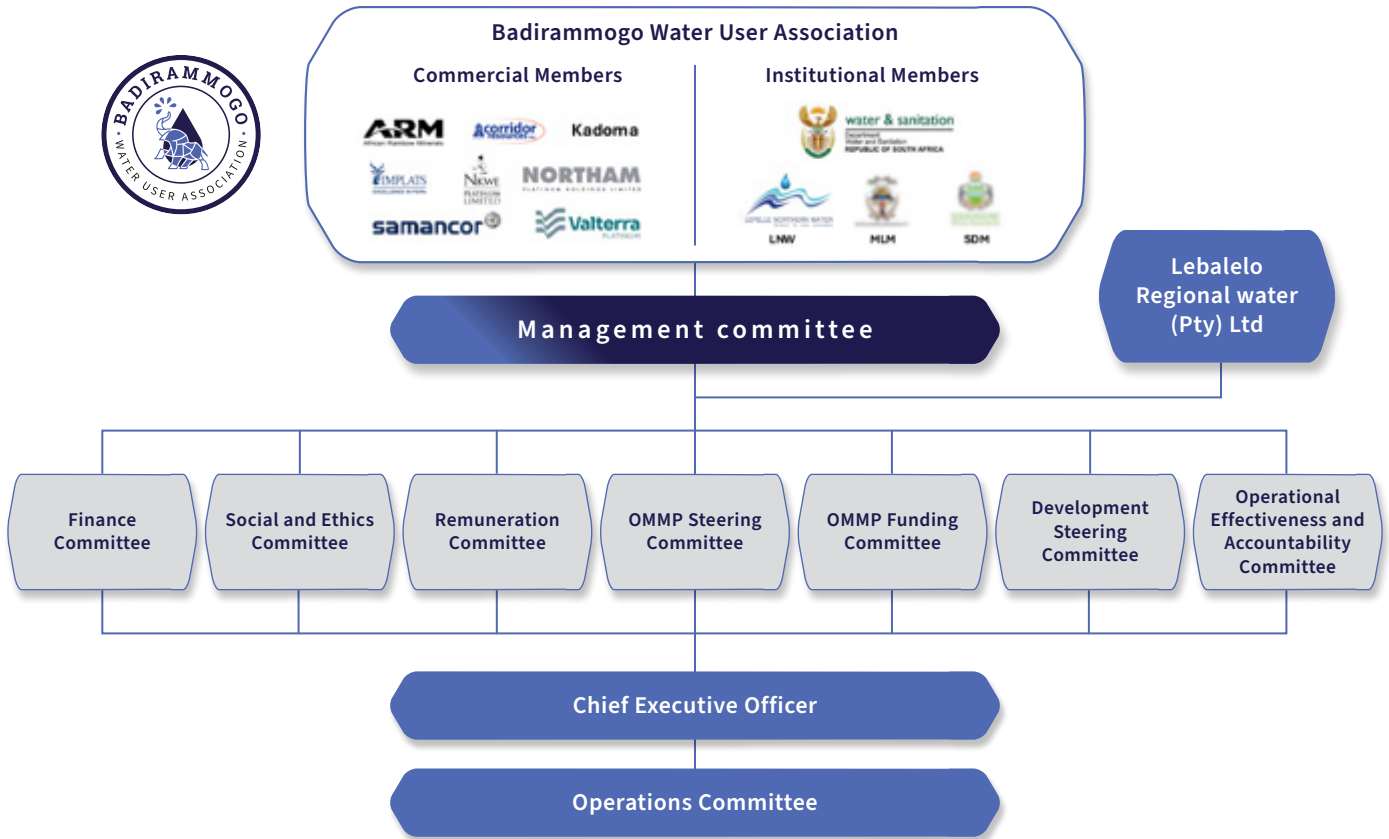
- Oversaw compliance with the requisite legal and corporate governance prescripts, including King IV; and
- Oversaw the development of a brand guidelines and management procedure for the Association.

Outlook

The SeCom understands that as the Association's staff complement increases, it will be a challenge to maintain the Association's safety and environment records, and will accordingly be more vigilant in its oversight role. Furthermore, the Association will be looking into creating partnerships with Members and non-members in the conceptualisation and implementation of SED programmes. The committee will also be overseeing the rollout of the rebranding strategy and further school upgrade projects.

Badirammogo governance structure

Below is the Association’s current governance structure, which came into effect with the gazetting of our new constitution on 16 May 2025.



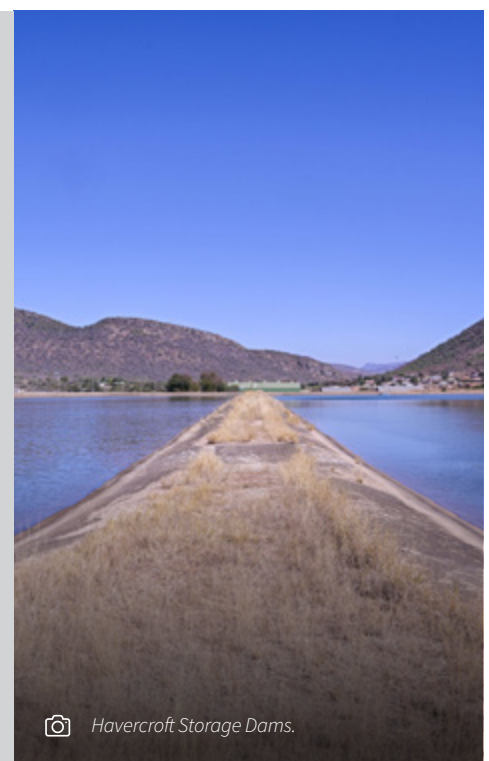
Our risk landscape informs strategy and supports effective, responsible decision-making across the Association

Risk Management Framework: The Head of Business Services, GRC and Legal leads ERM with direct reporting to the CEO and OpsCom;

Risk Identification & Analysis: The risk register is reviewed and updated periodically to reflect developments;

Emerging Risks: New risks are reviewed by OpsCom for inclusion in the register; and

Risk Register Approval: ManCom approves the register and confirms risk appetite and tolerance levels.



Havercroft Storage Dams.

Performance review and outlook continued



📷 Collins Monareng, Fitter, and Khutso Sihlangu, Head of Engineering and Reliability, inside the Havercroft Weir

Licenses and directives

The Association operates through an abstraction license no. 06/B52D/A/12343, which was issued on 22 December 2022 (as an amendment to the initial license issued on 6 January 2004) in terms of section 21(a) of the National Water Act and the license permits the Association to abstract 16 million m³ of water per annum for mining and mining related purposes and 3 880 000 m³ of water per annum for domestic supply along the pipeline route from Flag Boshielo and De Hoop Dams.

On 1 April 2025, a new abstraction license was issued to the Association also in terms of section 21(a) of the National Water Act. License 06/B51B/A/16233 allows the Association to abstract 34 million m³ per annum from Flag Boshielo Dam for the purposes of mining via Phase 2B and domestic water supply (Mogalakwena Local Municipality) via Phase 2B+. The OMMP will utilise this license for the supply of the Northern Limb.

Should it become apparent that the water demand/usage of the scheme would exceed the allocated water volumes, the Association, as per standard practise and in alignment with water resource availability analysis, will apply to the DWS

for an additional licence, which would provide the Association with extra water allocation to cover the extra demand/usage.

No further directives were issued by the Minister in terms of section 95 of the National Water Act (NWA) to the Association during the period under review.

Risk

The Association adopts a proactive and integrated approach to Enterprise Risk Management (ERM), focused on identifying, evaluating and managing strategic, operational, financial, reputational, regulatory as well as Environmental, Social and Governance (ESG) and related risks. Our risk culture combines top-down oversight with bottom-up insight, ensuring risk is embedded in both strategic decisions as well as day-to-day operations.

Our ERM framework provides a consistent approach to managing uncertainty in a dynamic internal and external environment. It enables us to monitor both existing and emerging risks linked to the Association's strategy and operational context.

This approach is reinforced by clearly defined policies, procedures and guidelines, and informed by our commitment to ethical conduct and sustainability.

All risks are assessed within the parameters of ManCom-sanctioned appetite and tolerance thresholds, which are periodically reviewed to align with our evolving circumstances.

Risk Governance

ManCom holds ultimate accountability for risk governance and provides strategic oversight of the Association's risk management systems. While day-to-day responsibility is delegated to the Operations Committee (OpsCom) via a formal Delegation of Authority, ManCom ensures that material risks and opportunities are appropriately managed and reported through a risk management strategy and plan. OpsCom plays a key role in supporting ManCom by implementing risk processes and escalating critical issues when necessary.

Risk Appetite

Risk appetite is defined at an organisational level and supported by clear reporting lines and accountability measures. Our approach

is guided by the three-lines-of-defence model and underpinned by a combined assurance model focused on high-impact strategic, financial, operational and compliance risks.

We apply a risk-rating matrix to assess the likelihood and potential impact of risks. This structured approach supports informed, balanced decisions that align with the Association's mandate and long-term objectives.

Security, risk, facilities and fleet

As the Association lays the foundation for future growth, safeguarding people, assets and infrastructure remains a critical enabler of sustainable operations. During the reporting period, the portfolio of security, risk, facilities and fleet was strengthened through proactive engagement with communities

and authorities, the introduction of new compliance frameworks, and the adoption of digital systems to modernise oversight. These efforts not only protected the integrity of existing infrastructure but also prepared the Association for the scale and complexity of projects to come.

Overview

The Security, Risk, Facilities and Fleet function plays a critical role in safeguarding the Association's people, assets and infrastructure. During the 2024/25 financial year, this portfolio focused on maintaining a secure and compliant operational environment, mitigating emerging risks, enhancing facilities management and optimising fleet utilisation.

Security management


The Association did not experience any

security breach or incident during the reporting period. This we believe, is due mainly, to our ongoing engagements with the communities, traditional leaders and the SAPS.

While our social development projects, (particularly the schools development programme) have at times been targets of extortion rings, these have largely progressed and were completed in time due to our proactive approach when it comes to safety and security.

Our participation in the Provincial Priority Committee on Extortion and Violence at Economic Sites, and the Provincial Critical Infrastructure and Rail Industry Crime Combatting Committee, has proven invaluable as these fora have allowed stakeholders to share information and strategies.



 Cortac Control Room Operator, Marcia Matlakala.

Performance review and outlook continued

Facilities management

Facility compliance remained a priority throughout the year. Frameworks for compliance inspections of all facilities were developed, and all compliance-related training for designated team members was successfully completed.

The migration from manual to digital audit systems is well underway – from the new financial year, all inspection and audit processes will be managed electronically via SafetyCulture, ensuring efficient monitoring and escalation of facility-related issues.

Further to this, all lease agreements were successfully renewed, and cooperative relationships with landlords are ongoing. All facilities are compliant and prepared for the 2025/26 NOSA audit.

Risk and servitude management

A key risk identified in the reporting period relates to encroachment on existing and planned infrastructure. This risk poses a potential threat to asset integrity and future development. In response, the Association approved a comprehensive Encroachment Mitigation Procedure, and began implementing an encroachment register.

In parallel, proactive measures have been undertaken. These include regular monitoring of servitudes, weekly coordination meetings focused on encroachment management and the digitisation of historical servitude agreements to improve access and accountability. A dedicated security

committee has been established to address complex encroachment matters that require multi-disciplinary input.

Outlook

Looking ahead, the focus will be on implementing the Encroachment Mitigation Procedure and systemic reduction of related risks, achieving full facility audit compliance in the upcoming NOSA facility audit and driving progress toward comprehensive servitude compliance.

Compliance and ethics


Non-compliance with laws and, to some extent, industry standards represents a material risk to any organisation, with potential consequences that extend beyond substantial administrative fines to include criminal liability and personal civil claims against its officers. Likewise, we recognise that as the Association grows at a fast pace to meet the demands of the OMMP, so do risks of non-compliance. As such, we have taken steps to ensure that we are always compliant with both the laws and also voluntary commitments, such as King IV and industry codes. During the year under review, we took the following positive steps to ensure continued compliance:

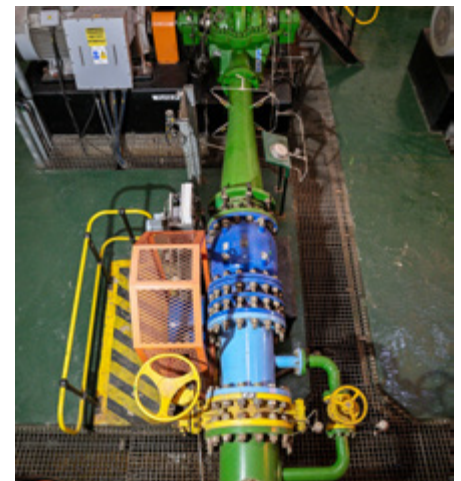
- Reviewed our Business Integrity Policy to align it with the 2024 Amendment Bill to the Prevention and Combating of Corrupt Activities Act 12 of 2004, Judicial Matters Amendment Act, Whistle-blower Protection Amendment Bill as well as our revised organisational structure;
- Proactively monitored legislative changes and their impact on the Association;


- Provided management, the sub-committees as well as the Management Committee with a quarterly Legislative Universe report, which is a management report that details new legislation, proposed legislation, standards and codes (“Compliance Requirements”) that affect or has a potential to affect the Association. This report includes updates on the steps taken to ensure compliance, the implementation timeline and the personnel responsible for execution;
- Implemented a Legal Register, which details all the legislation, standards and codes applicable to the Association as well as the extent of our compliance. The Legal Register is audited by NOSA as part of our certification; and
- Conducted an audit of our compliance with each and every stipulation/condition of our water licences. The results of the audit are shared with the DWS Limpopo and Mpumalanga provincial offices as required by our licenses.

We are acutely aware that there are formations and syndicates (often referred to as the construction mafia in the media) that, in particular, target the construction industry for extortion. As we move closer to the construction phase of the OMMP, we have sharpened our anti-corruption tools, while ensuring that we respect local customs and traditions. In the new financial year, we will be rolling out anti-corruption training for our employees, consultants and contractors to ensure that they are well equipped if or when approached by any of the aforesaid formations and/or syndicates.



 (from left): Trelia Sekgobela, Linah Pilusa and Tebogo Ngwatle, Pump Station Operators.



 Inside Clapham Pump Station.



📷 Control room in Spitskop Pump Station 2.

**Information Technology/
Information Management
governance**

Information technology (IT) and information management (IM) are no longer support functions but essential foundations for the Association’s transformation and growth. In the year under review, IT/IM systems were strengthened to improve reliability, cybersecurity and efficiency, while laying the groundwork for the scale of operations that will accompany the OMMP. By modernising infrastructure, expanding digital platforms and improving governance, the Association has positioned itself to operate smarter, faster and more securely in an increasingly complex environment.

Overview

IT and IM are integral to the Association’s efficiency, innovation and long-term sustainability. The Association’s IT governance framework is aligned with strategic objectives and operating context, and is structured to ensure reliability, scalability and security. This section outlines the achievements during the review period and priorities for the upcoming year.

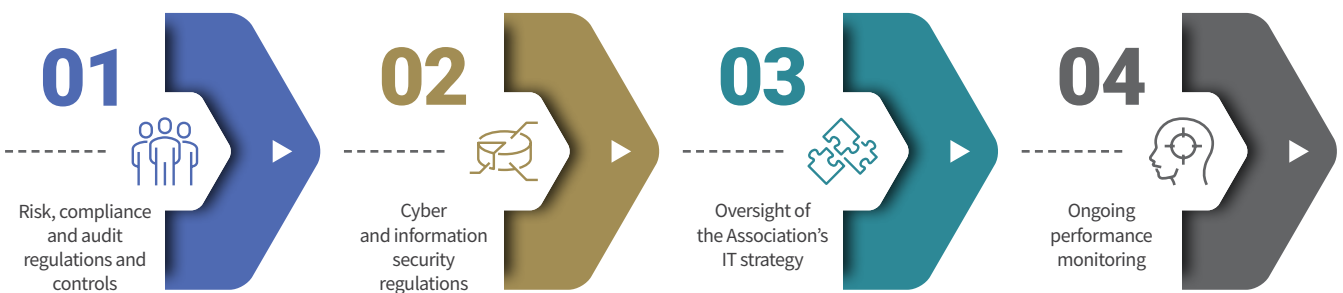
Governance and strategy

The IT/IM function provides strategic leadership to drive innovation, manage technology investments and ensure regulatory compliance. Core responsibilities include project management across the technology

portfolio, development of service-level agreements and performance indicators, and implementation of IT policies and procedures aligned with the Association’s strategic and operational requirements.

The team supports internal operations through enterprise architecture development, implementation of secure software and hardware infrastructure, and end-user support. Recruitment, training and retention of technical talent, coupled with a strong focus on cybersecurity, remain top priorities. Vendor oversight is also managed to ensure service quality and cost efficiency.

Governing and managing IT



Performance review and outlook continued

Information Management System (IMS)

The Association continues to enhance its Integrated Management System (IMS) to improve business process automation and performance monitoring. The IMS has been expanded to include key platforms such as Sage for financial management, Maximo for asset and maintenance management, DocuSign for secure digital signatures, and additional tools to support the OMMP and operations oversight for remote monitoring and control.

Cybersecurity and compliance

The Association utilises Microsoft Security Compliance Manager to monitor and improve cybersecurity posture. The platform provides risk assessments, policy implementation guidance, workflow tools

and a compliance scoring system. These capabilities help the Association maintain robust data protection protocols aligned with applicable regulations.

During the review period, significant progress was made in strengthening cybersecurity infrastructure. The Microsoft Secure Score tool indicated a marked improvement in the Association's security posture, reflecting the implementation of key control measures.

Infrastructure and telecommunications

During the year under review, several infrastructure projects were successfully completed. These include the continued deployment of SharePoint, OneDrive and secure file-sharing systems, with multifactor

authentication (MFA) applied for enhanced security. A business study on disaster recovery for operational technology has been concluded, and supplier engagement processes have commenced. Network connectivity was significantly enhanced at key locations, including the Havercroft Pump Station, office and residential area, as well as the Association's Polokwane office. Additional deployments include a full network monitoring system, the Nessus vulnerability scanning tool and a digital time-clocking system.

End-user support

To improve internal support services, a Service Desk ticketing system will be rolled out in the next financial year. This will enable better issue tracking, faster response times and improved user satisfaction across the organisation.



 Havercroft Residential Area (left of bridge) and Senyatho Village (right)

Conclusion

The 2024/25 performance review reflects a year of steady delivery and deliberate preparation. While large-scale construction under the OMMP will only commence in the coming financial year, the Association has laid the groundwork by strengthening governance, securing approvals and expanding organisational capacity. Investments in safety, human

capital, socio-economic development and digital systems have further embedded resilience and positioned the Association for scale.

Looking ahead, the Association stands at the threshold of a defining period in its history: the transition from planning to execution. The foundations built

during this reporting period will enable the Association to deliver transformative infrastructure while continuing to safeguard operations, serve Members reliably and create lasting socio-economic value for the communities in which we operate.

Foundation for the Future

2024/2025 was about building the base. 2025/2026 will be about moving forward: turning plans into pipelines, designs into infrastructure and collaboration into lasting impact.



In memoriam

In memory of Raymond Troy Miller (1 February 1967 – 14 September 2024)

We remember our colleague and friend, Raymond Miller, who joined the Association in 2008 as a Fitter and Turner, and later served as Control Room Supervisor. Raymond brought dedication, skill and warmth to every role. He will be deeply missed. A Celebration of his Life was held on 30 September 2024 at Havercroft in his honour. May he rest in peace.



Forever remembered: Kenneth Mampje Moloto (5 August 1976 – 16 August 2025)

Our colleague and friend, Kenneth Moloto, served the Association with loyalty and dedication for more than 18 years. From his early days as an Engineering Aide to his role as Pump Station Operator, Kenneth exemplified professionalism and commitment. He was also a respected shop steward and advocate for his peers. A memorial service was held at Havercroft on 21 August 2025 in his honour. He will be deeply missed.



Annual Financial Statements

2025

for the year ended 30 June 2025

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Independent auditor's report



Independent Auditor's Report To the Members of Badirammogo Water User Association Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Badirammogo Water User Association ("the Association") set out on pages 9 to 38 which comprise the statement of financial position as at 30 June 2025; and the statement of comprehensive income; the statement of changes in equity; and the 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 Badirammogo Water User Association as at 30 June 2025, and its financial performance and cash flows for the year then ended, in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the National Water Act No. 36 of 1998.

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 Association 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.

Emphasis of Matter – Prior Period Error

We draw attention to Note 29 to the financial statements, which describes the prior period error due to certain expenses related to the Olifants Management Model Programme study costs which met the criteria for capitalization but were expensed in the prior year. Our opinion is not modified in respect of this matter.

Other Information

The Management Committee is responsible for the other information. The other information comprises the information included in the document titled "Annual Financial Statements for the year ended 30 June 2025", which includes the Members of the Management Committee's Responsibilities and Approval and Members of the Management Committee's Report as required by National Water Act No. 36 of 1998, which we obtained prior to the date of this report, and the integrated annual report, business and project plan for the year ended 30 June 2025, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Management Committee for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements, in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the National Water Act, and for such internal control as the Management Committee 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 Management Committee is responsible for assessing the Association'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 Management Committee either intends to liquidate the Association or to cease operations, or have 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.

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee'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 Association'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 Association 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 Management Committee 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.



Alice Mnisi

SizweNtsalubaGobodo Grant Thornton Incorporated
Engagement Director
Registered Auditor

25 November 2025

152 14th Road,
Noordwyk,
Midrand,
1687

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Supplying bulk raw water to surrounding mines and public entities.
Members	Dr Kobus Duvenhage Mr Johan Jansen Mr Prakashim Moodliar Ms Lucy Kobe Dr Risimati Mathye Dr George Maluleke Mr Thivhionali Masindi Ms Lijuan Yin Dr Cornelius Ruiters
Business address	Farm Havercroft 99KT Modubeng Moroke Limpopo 1154
Postal address	PO Box 2075 Polokwane 0700
Bankers	Absa Bank Limited First National Bank a division of First Rand Bank Limited
Auditors	SNG Grant Thornton Chartered Accountants (S.A.) Registered Auditors Member firm
Tax reference number	9077439140
Preparer	The annual financial statements were internally compiled by: Joseph Mahapa Head of Finance

Responsibilities and Approval of the Management Committee

The members of the management committee are required by the National Water Act No. 36 of 1998 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the IFRS for SMEs[®] Accounting Standard as issued by the International Accounting Standards Board. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members of the management committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Association and place considerable importance on maintaining a strong control environment.

To enable the members of the management committee to meet these responsibilities, the members of the management committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring

all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the management committee are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members of the management committee have reviewed the Association's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the Association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Association's annual financial statements.

The annual financial statements have been examined by the Association's external auditor and their report is presented on page 74.

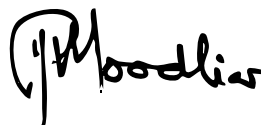
The annual financial statements set out on pages 80 to 105, which have been prepared on the going concern basis, were approved by the management committee on 25 November 2025 and were signed on its behalf by:

Approval of financial statements



Dr Kobus Duvenhage

Chief Executive Officer



Mr Prakashim Moodliar

Management Committee Chairperson

Management Committee's Report

The members of the management committee have pleasure in submitting their report on the annual financial statements of Badirammogo Water User Association for the year ended 30 June 2025.

1. Nature of business

Badirammogo Water User Association was incorporated in South Africa with interests in the raw water industry. The Association operates in South Africa.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the National Water Act No. of 1998. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Association are set out in these annual financial statements.

3. Auditors

SNG Grant Thornton continued in office as auditors of the Association for the year ended 30 June 2025.

At the AGM, the Members will be requested to reappoint SNG Grant Thornton as the independent external auditors of the Association and to confirm Alice Mnisi as the designated lead audit partner for the 2026 financial year.

4. Secretary

There is no requirement that the Association must have a secretary, only a Chief Executive Officer.

5. Management Committee Members

The members in office at the date of this report are as follows:

Management Committee Members	Office	Designation	Company/Institution	Changes
Mr Bertus Bierman	Retired Chief Executive Officer	Executive	Badirammogo Water User Association	Retired Tuesday, 31 December 2024
Dr Kobus Duvenhage	Chief Executive Officer	Executive	Badirammogo Water User Association	Appointed Wednesday, 01 January 2025
Mr Johan Jansen	Commercial Member representative	Non-executive Independent	Modikwa Platinum Mine	Appointed Friday, 06 June 2025
Mr Prakashim Moodliar	Chairperson and Commercial Member representative	Non-executive Independent	Valterra Platinum	Appointed Friday, 06 June 2025
Ms Lucy Kobe	Institutional Member representative	Non-executive Independent	Department of Water and Sanitation	Appointed Friday, 06 June 2025
Dr Risimati Mathye	Deputy Chairperson and Institutional Member representative	Non-executive Independent	Department of Water and Sanitation	Appointed Friday, 06 June 2025
Dr George Maluleke	Commercial Member representative	Non-executive Independent	Rustenburg Platinum Mines	Appointed Friday, 06 June 2025
Mr Thivhionali Masindi	Institutional Member representative	Non-executive Independent	Department of Water and Sanitation	Appointed Friday, 06 June 2025
Ms Lijuan Yin	Commercial Member representative	Non-executive Independent	Nkwe Platinum	Appointed Friday, 06 June 2025
Dr Cornelius Ruiters	Institutional Member representative	Non-executive Independent	Lepelle Northern Water Board	Appointed Friday, 06 June 2025

6. Events after the reporting period

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

7. Going concern

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

The members believe that the Association 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 members have satisfied themselves that the Association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The members are not aware of any new material changes that may adversely impact the Association. The members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Association.

8. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the members of the management committee on Tuesday, 25 November 2025. No authority was given to anyone to amend the annual financial statements after the date of issue.



Spitskop Pump Station 2.

Statement of Financial Position as at 30 June 2025

Figures in Rand	Notes	2025	2024 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 120 520 430	841 111 306
Intangible assets	3	56 604 809	63 481 106
Other financial assets	4	6 001 135	5 628 530
		1 183 126 374	910 220 942
Current Assets			
Consumable stock	5	5 549 517	5 838 799
Trade and other receivables	6	66 250 173	110 955 308
Other financial assets	4	1 437 207 175	253 241 823
Cash and cash equivalents	7	38 593 112	50 938 872
		1 547 599 977	420 974 802
		2 730 726 351	1 331 195 744
Equity and Liabilities			
Equity			
Members' capital reserves Equity	8	1 905 972 579	551 544 720
Capital reserve	9	188 127 012	188 127 012
Retained surplus		480 733 175	450 151 106
		2 574 832 765	1 189 822 838
Liabilities			
Non-Current Liabilities			
Deferred income	11	42 688 315	51 677 365
Current Liabilities			
Trade and other payables	13	75 669 848	63 870 395
Short-term payables	10	3 027 149	3 316 297
Deferred income	11	8 987 354	8 987 354
SED commitment liability	12	14 711 087	13 521 495
Bank overdraft	7	10 809 833	-
		113 205 271	89 695 541
Total Liabilities		155 893 586	141 372 906
Total Equity and Liabilities		2 730 726 351	1 331 195 744

* See note 29

Statement of Comprehensive Income for the year ended 30 June 2025

Figures in Rand	Note	2025	2024 Restated *
Revenue	13	191 468 000	328 437 944
Direct cost	14	(67 223 981)	(50 617 069)
Gross surplus		124 244 019	277 820 875
Other income	15	18 247 767	42 890 565
Operating expenses	16	(163 658 895)	(173 812 110)
Operating Surplus/(Deficit)		(21 167 109)	146 899 330
Interest received	20	53 917 178	33 851 493
Finance costs paid	21	(2 168 001)	(1 564 436)
Surplus for the year		30 582 068	179 186 387
Total comprehensive surplus (deficit) for the year		30 582 068	179 186 387

* See note 29.



 Spitskop Pump Stations.

Statement of Changes in Equity for the year ended 30 June 2025


Figures in Rand	Members' capital reserve ²	Non-Members' Capital reserve ³	Retained income	Total equity
Balance at 01 July 2023 as previously reported	551 544 720	-	270 964 725	822 509 445
Profit for the year		-	1 715 372	1 715 372
Opening balance as previously reported	551 544 720	-	272 680 097	824 224 817
Adjustments Prior period error ¹	-	188 127 012	177 471 009	365 598 021
Balance at 01 July 2024 as restated	551 544 720	188 127 012	450 151 106	1 189 822 838
Profit for the year	-	-	30 582 068	30 582 068
Capital contribution for the year	1 354 427 859		-	1 354 427 859
Total changes	1 354 427 859		-	1 354 427 859
Balance at 30 June 2025	1 905 972 579	188 127 012	480 733 174	2 574 832 765

1. Refer to note 29.

2. Refer note 8.

3. Refer note 9.



 Clapham Pump Station.

Statement of Cash Flows for the year ended 30 June 2025

Figures in Rand	Note	2025	2024 Restated *
Cash flows from operating activities			
Cash receipts from customers		253 374 849	356 716 287
Cash paid to suppliers and employees		(174 288 195)	(171 522 736)
Cash generated from operations	23	79 086 654	185 193 551
Interest received	21	44 411 416	33 851 493
Finance costs paid	22	(2 141 750)	(1 564 436)
Net cash from operating activities		121 356 320	217 480 608
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(298 034 853)	(374 425 777)
Proceeds from disposal of property, plant and equipment	2	324 632	-
Purchase of intangible assets	3	(2 764 411)	-
Cash paid to acquire other financial assets	4	(1 385 478 567)	(36 062 976)
Proceeds from withdrawals of other financial assets	4	210 328 826	218 328 089
Net cash from investing activities		(1 475 624 373)	(192 160 664)
Cash flows from financing activities			
Proceeds from additional capital contributions	8	1 331 427 859	-
Repayments of other financial liabilities	10	(315 399)	(43 183 892)
Net cash from financing activities		1 331 112 460	(43 183 892)
Total cash movement for the year		(23 155 593)	(17 863 948)
Cash and cash equivalents at the beginning of the year		50 938 872	68 802 725
Cash and cash equivalents at the end of the year	7	27 783 279	50 938 777

*Refer to note 29.

Accounting Policies for the year ended 30 June 2025

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The accounting policies applied under the IFRS for SMEs Accounting Standard are substantially aligned with the previously adopted entity-specific accounting policies, as these were derived from the IFRS for SMEs Accounting Standard. As a result, the adoption of the new reporting framework did not result in significant changes to the recognition, measurement, or presentation of the Association's financial position, financial performance, or cash flows. Details of the first-time adoption, including the application of exemptions and transitional provisions under Section 35 of the IFRS for SMEs Accounting Standard, are provided in note 25 First-time adoption of the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The Association reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. There were no significant changes made on the estimated useful lives of property, plant and equipment. The estimation of useful lives involves the following uncertainties:

The extent to which assets, such as civil works, and mechanical assets, will deteriorate over time can be unpredictable due to factors such as wear and tear, usage patterns, and maintenance practices.

Rapid changes in technology may render certain assets, especially IT equipment and instrumentation, less efficient or obsolete sooner than anticipated.

Factors like climate change and operational environments can impact the longevity of assets such as fencing and civil works.

The useful lives of plant and equipment, furniture and fixtures, motor vehicles, tools and equipment, IT equipment, plant and equipment are determined based on Association 's replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Impairment testing

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

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Capital work in progress

Capital work in progress (CWIP) comprises costs incurred on assets under construction or development that are not yet ready for their intended use. These costs are transferred to the appropriate category of Property, Plant and Equipment when the asset is available for use, at which point depreciation commences. For Greenfield infrastructure projects, such as the Olifants Management Model Programme (OMMP) involving raw water abstraction, development costs incurred during the Full Business Case (FBC) phase—also referred to as Front-End Engineering Design (FEED)—are capitalised as part of CWIP where they meet the recognition criteria in Section 17.10. These costs include, but are not limited to:

- Business feasibility and environmental impact assessments;
- Engineering and design services;
- Legal and regulatory compliance, including permits and water rights;
- Direct community engagement and Socio-economic development (SED) activities mandated by legislation to enable project access and continuity;
- Procurement and construction management;
- Commissioning and operational readiness activities; and
- Project-specific overheads, such as dedicated office rentals, certification, training required for financing, and
- Human Resource roles established solely for recruitment and mobilization during the development phase.

Costs are capitalised only if they are project-specific, non-recurring, and directly attributable to the creation, construction, or commissioning of the tangible asset. Routine operational expenses, such as general administrative overheads, discretionary corporate social responsibility donations, branding campaigns, post-commissioning training, or costs not essential to asset enablement, are expensed as incurred in line with Section 17.11.

The Olifants Management Model Programme will be structured through a ring-fenced Special Purpose Vehicle (SPV) to ensure financial segregation, with all capitalised costs traceable to the project through a detailed documentation, board approvals, contracts, and regulatory correspondence. The structuring will support reliable measurement and alignment with the asset's lifecycle, from development to decommissioning.

Olifants Management Model Programme - Capital work in progress related judgement

Management exercises judgement in determining whether costs incurred during the Olifants Management Model Programme Final Business Case/ Front-End Engineering Design (FBC/FEED) phase of Greenfield infrastructure projects qualify for capitalisation under Section 17 of IFRS for SMEs Accounting Standard. This involves assessing whether:

- Future economic benefits are probable, such as through secured water tariffs, service fees, or availability payments over the project's concession period, which are contractually supported and expected to flow from the completed infrastructure.
- Costs are directly attributable to bringing the asset to its intended use, applying a "but for the project" test—i.e., costs that would not have been incurred absent the board-approved initiative.

Key judgements include classifying costs as capitalisable where they are essential enablers, such as:

- Community engagement and SED costs (e.g., school refurbishments or solar installations) that are legally mandated or required for social licensing, enabling land access, mitigating unrest, and ensuring regulatory compliance, rather than treating them as discretionary or promotional expenses under Section 17.11.
- Project-specific overheads, including office rentals, NOSA certification, training for financing compliance, and dedicated HR roles, which are segregated from general operations and verified as non-recurring through Special Purpose Vehicle financing enablement costs, such as due diligence and legal fees, that unlock capital necessary for asset creation.

Judgement applied in the classification of the Olifants Management Model Programme's capital work in progress as property, plant and equipment

In preparing these financial statements, management exercised significant judgement in determining the appropriate accounting treatment for the Olifants Management Model of Programme (OMMP) infrastructure development project.

Following a detailed technical and legal assessment, management concluded that the OMMP does not fall within the scope of a service concession arrangement as contemplated in Section 34 of the IFRS for SMEs Standard. This conclusion was based on the Association having conceptualised and established the OMM Programme, setting its aims and objectives. The Department of Water and Sanitation (DWS) as a participating member in the Association, does not control or regulate the services provided through the infrastructure, nor does it retain control over any significant residual interest in the infrastructure at the end of the arrangement.

Accordingly, the capital work in progress (CWIP) associated with the OMMP has been recognised as property, plant and equipment (PPE) in accordance with Section 17 of the IFRS for SMEs Standard. This classification reflects management's judgement that the Association controls the infrastructure and will derive future economic benefits from its use over its useful life.

This judgement has a material impact on the financial position of the Association, as it affects the classification, measurement, and subsequent depreciation of the related assets.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Association holds for its own use and which are expected to be used for more than one period.

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

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services, additions to, project early execution work or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Association and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Association.

Accounting Policies for the year ended 30 June 2025

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

Item	Depreciation method	Average useful life
Pipeline	Diminishing balance	50 years
Civil works	Diminishing balance & Straight line	45 years
Ventilation and cranes	Diminishing balance	20 years
Furniture and fittings	Straight line	10 years
Motor vehicle	Diminishing balance & Straight line	4 years
Mechanical	Diminishing balance	15 years
IT Equipment	Straight line	3 years
Valves	Diminishing balance	10 years
Security and fencing	Diminishing balance & Straight line	10 years
Instrumentation and meters	Diminishing balance & Straight line	8 years
Borehole pumps	Diminishing balance	5 years
Tools and equipment	Straight line	5 years
Electrical	Diminishing balance	15 years
Alarm system and safety ropes	Diminishing balance	1 year

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

The Association selected the diminishing balance method and straight line depreciation method as it reflects the pattern in which the Association expects to consume the asset's future economic benefits.

*We use both the straight-line and diminishing balance methods to depreciate civil works, motor vehicles, security, fencing, instrumentation and meters. This approach is taken due to various assets items grouped under the same category with different patterns of economic benefit consumption. For example civil works include buildings, chambers, control rooms and pump stations. Given the different nature of these despite being grouped under the same asset category, the different depreciation methods for each type of civil work is therefore appropriate.

The straight-line method is applied to assets like buildings, where the economic benefits are consumed evenly over their useful lives. This method allocates the cost of the asset equally over each period.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Purchased intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. Purchased intangible assets are initially recognised at cost, which includes the purchase price and any directly attributable costs of preparing the asset for its intended use. The Association capitalises purchased intangible assets when it is probable that future economic benefits will flow to the entity and the cost can be reliably measured, in accordance with Section 18 of the IFRS for SMEs Accounting Standard. These assets are subsequently carried at cost less accumulated amortisation and any impairment losses, reflecting the period over which the future economic benefits are expected to flow to the Association.

Amortisation is provided to write down the intangible assets as follows:

Item	Depreciation method	Average useful life
Servitude	None	99 years
Capital cost – Eskom power-line	Straight line	25 years
Eskom point of delivery (POD) costs	Straight line	25 years
Exemption from water resource development charge	Straight line	25 years

1.4 Financial instruments

Accounting Policy applied

The Association applies Sections 11 and 12 of the IFRS for SMEs Accounting Standard in full for the recognition, measurement, and disclosure of financial instruments, as permitted by Section 11.2. Financial instruments are classified on initial recognition as financial assets, financial liabilities, or equity instruments based on the substance of the contractual arrangement.

Recognition and classification

Financial instruments are recognised when the Association becomes a party to the contractual provisions of the instrument. The Association classifies financial instruments, or their component part on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit).

Financial instruments at amortised cost

These include loans, cash and cash equivalents, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of financial assets measured at amortised cost are reviewed to determine whether there is objective evidence of impairment, such as significant financial difficulties of a debtor, probability of bankruptcy, or delinquency in payments (more than 90 days overdue). If objective evidence exists, an impairment loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, in accordance with paragraph 11.25 of the IFRS for SMEs Accounting Standard. The impairment loss is recognised immediately in surplus or deficit within operating expenses.

Impairment of financial assets

At each reporting date, the Association assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets have been impaired. Impairment losses are recognised in surplus or deficit. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date the impairment was reversed, shall not exceed what the carrying amount would have been, had the impairment not been recognised. Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available for sale equity investments which are held at cost because fair value adjustments were not determinable. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at the transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction price is adjusted to reflect the present value of future payments discounted at a market rate of interest for a similar debt instrument. Subsequently, trade payables are measured at amortised cost using the effective interest rate method. The effective interest rate method allocates interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Trade payables are classified as financial liabilities. Any difference between the transaction price (adjusted for any financing component, if applicable) and the amount ultimately settled is recognised in surplus or deficit over the period of the liability, unless the effect of discounting is immaterial. If the effect of discounting is immaterial, the trade payable is measured at the undiscounted amount of the transaction price.

Accounting Policies for the year ended 30 June 2025

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, 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 investments typically have a maturity of three months or less from the date of acquisition. Cash and cash equivalents are initially measured at the transaction price, which represents the amount of cash or cash equivalents received or paid. Where the arrangement constitutes a financing transaction, the transaction price is adjusted to reflect the present value of future cash flows, discounted at a market rate of interest for a similar instrument, if the effect of discounting is material. Subsequently, cash and cash equivalents are measured at amortised cost using the effective interest rate method. However, in most cases, as the effect of discounting is immaterial due to the short-term nature of these instruments, cash and cash equivalents are measured at the undiscounted amount of the transaction price.

Short-term payables

Short-term payables are recognised when the Association becomes a party to the contractual provisions of the instrument, which occurs when the Association has a present obligation to deliver cash or another financial asset to the counterpart as a result of a past event. Short-term payables are initially measured at the transaction price, which represents the amount payable for capital contributions from non-members and the amount payable to members on the remaining balance of the capital contribution. Subsequently, short-term payables are measured at amortised cost using the effective interest rate method. However, due to the short-term nature of these payables, the effect of discounting is typically immaterial, and the carrying amount approximates the transaction price. Finance costs, if any, is recognised in surplus or deficit within finance costs paid. Proceeds received from non-members for capital projects are recognised as a liability when received and are utilised exclusively for the construction and development of water schemes as approved by the Association's management committee.

1.5 Tax

Income tax exemption

The Association qualifies for an exemption from income tax on its revenue and certain other receipts and accruals, as provided under Section 10(1)(e) of the Income Tax Act, No. 58 of 1962 (the Act).

The Association is registered with the South African Revenue Services (SARS) for income tax purposes and submits annual income tax returns (IT12E) to the Tax Exemption Unit, as required, to maintain its exempt status. The Association ensures compliance with all conditions prescribed by the Commissioner to uphold the exemption, including ensuring that it does not knowingly participate in any transaction, operation, or scheme intended to reduce, postpone, or avoid tax liabilities.

1.6 Leases

All the leases for the Association are classified as operating leases.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis,
- or the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

1.7 Consumable stock

Consumable stock consist of mechanical, electrical, instrumentation and other spares that are used to carry out maintenance.

Consumable stock is measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.8 Members' capital reserve

The capital reserve represents Members' non-refundable contributions, recognised as equity, restricted to funding specific long-term capital infrastructure projects, primarily the construction of the Association's water schemes. The reserve is non-distributable and is recorded at the proceeds received from Members.

1.9 Non-Members' capital reserve

Contributions received from non-members for the construction of the Association's capital infrastructure are recognised as equity in the Non-Members contribution reserve. These contributions are considered capital in nature and non-refundable, representing an economic benefit to the Association that does not give rise to a present obligation to transfer economic benefits to the non-members.

The reserve is non-distributable to the non-members. Upon the formal admission of the non-members as full Members of the Association (which is contingent upon the signing of a Members' Agreement and the passing of a formal resolution), the balance in this reserve will be reclassified to the Members' capital contributions or similar appropriate permanent equity reserve, in accordance with the Association's Constitution and by-laws. Should a non-member permanently fail or refuse to finalise membership, the funds remain within this reserve as capital reserve of the Association.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as 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.

Termination benefit

The Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

In accordance with paragraph 28.36 of the IFRS for SMEs Accounting Standard, termination benefits are recognised at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. The best estimate is determined based on the terms of the termination plan or offer, including any contractual or statutory requirements, and considers the following:

- The amount expected to be paid to settle the obligation, which may include cash payments, enhanced pension benefits, or other forms of compensation.
- Where the effect of the time value of money is material (e.g., when payments are due significantly after the reporting date), the liability is measured at the present value of the expected future payments, using a discount rate that reflects current market assessments of the time value of money.
- The estimate is reviewed at each reporting date and adjusted to reflect changes in circumstances, such as the number of employees accepting a voluntary redundancy offer or revisions to the expected costs.

1.11 Provisions and contingencies

Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event; it is probable that the Association will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

A contingent liability is disclosed, when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. Contingent liabilities are disclosed in the notes to the financial statements, as per note 24, unless the possibility of an outflow of resources is remote.

1.12 Energy & Water SETA grants

The Energy and Water Sector Education Training Authority (EWSETA) grants do not impose specified future performance conditions and are recognised in other income when the grant proceeds are received.

Accounting Policies for the year ended 30 June 2025

1.13 Revenue

The Revenue is recognised to the extent that the Association has transferred the significant risks and rewards of ownership of raw water to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Association. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. The Association recognises revenue from the following major sources:

Sale of goods:

- Sale of raw water

Rendering of services:

- Feasibility - OMM Programme
- Fixed operating cost
- Refurbishment Fund Levy and SED Levy

The amount recognised on the sale of raw water is based on the volume of water supplied, and is measured at an approved water tariff for Members and non-members.

Revenue from Social Economic Development (SED) levy is based on the volume of water supplied to Members only and is measured at an approved SED rate. SED revenue is earned from SED funds collected for the sole purpose of funding social and economic development projects for surrounding communities. Our performance obligation is to deliver services to the community like free Wi-Fi to schools and to supply schools with the digital interactive white boards in exchange for this levy that we receive from Members.

Revenue from Refurbishment levy is measured at an approved fixed refurbishment amount that is equivalent to the budgeted depreciation amount.

Revenue from Fixed Operating Costs is measured by dividing the approved budgeted fixed operating costs over a period of 12 months. Revenue from OMM Programme Feasibility study is measured based on the Members' and potential members' committed water allocation.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Deferred Income

Payments received in advance where the Association has yet to comply with all attached conditions are recognised as a liability (included in deferred income) and released to income when all attached conditions have been complied with, the payment is recognised in surplus once the conditions have been met.

1.15 Direct costs

The related cost of providing services recognised as revenue in the current period is included in direct cost.

1.16 Presentation of Statement of Comprehensive Income

The Statement of Comprehensive Income is presented using a classification based on the nature of expenses, as this provides reliable and relevant information for users of the financial statements. Expenses are aggregated and disclosed according to their inherent type, such as employee costs, depreciation and amortisation, lease expenses, and other operating expenses, without allocation to specific functions within the Association. This presentation is supplemented by detailed disclosures in the notes to the financial statements, as required by paragraph 5.11 of the IFRS for SMEs Accounting Standard. Material expense categories, including project-specific costs, are separately disclosed in the notes to enhance transparency and provide insight into the entity's cost structure.

Notes to the Annual Financial Statements for the year ended 30 June 2025

2. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Capital work in progress - Olifants Management Model Programme	434 614 299	-	434 614 299	177 471 008	-	177 471 008
Programme capital work in progress - Southern Extension 2	326 782 592	-	326 782 592	298 503 466	-	298 503 466
Furniture and fixtures	3 688 773	(1 209 970)	2 478 803	2 546 291	(867 720)	1 678 571
IT equipment	10 576 202	(7 167 376)	3 408 826	7 663 221	(5 327 849)	2 335 372
Motor vehicles	22 146 258	(15 373 951)	6 772 307	20 422 544	(14 195 176)	6 227 368
Office equipment	6 350 594	(4 887 121)	1 463 473	6 120 100	(4 376 667)	1 743 433
Plant and equipment - Booyensdal	2 101 359	(927 290)	1 174 069	2 101 359	(832 527)	1 268 832
Plant and equipment - Southern Extension 1	172 753 595	(58 447 191)	114 306 404	172 753 595	(55 200 305)	117 553 290
Plant and machinery	338 170 186	(108 650 529)	229 519 657	332 425 575	(98 095 609)	234 329 966
Total	1 317 183 858	(196 663 428)	1 120 520 430	1 020 007 159	(178 895 853 0)	841 111 306

Reconciliation of property, plant and equipment 2025

	Opening balance	Additions	Transfers	Depreciation	Total
Capital work in progress - Olifants Management Model Programme	177 471 008	257 143 291	-	-	434 614 299
Capital work in progress - Southern Extension 2	298 503 466	28 279 126	-	-	326 782 592
Furniture and fixtures	1 678 571	1 170 482	(23 468)	(346 782)	2 478 803
IT equipment and infrastructure	2 335 372	2 912 981	-	(1 839 527)	3 408 826
Motor vehicles	6 227 368	2 404 021	(2)	(1 859 080)	6 772 307
Plant and equipment - Booyensdal Platinum	1 268 832	-	-	(94 763)	1 174 069
Plant and equipment - Existing Scheme	234 329 966	5 744 611	-	(10 554 920)	229 519 657
Plant and equipment - Southern Extension 1	117 553 290	-	-	(3 246 886)	114 306 404
Tools and equipment	1 743 433	380 341	(149 847)	(510 454)	1 463 473
	841 111 306	298 034 853	(173 317)	(18 452 412)	1 120 520 430

Reconciliation of property, plant and equipment 2024

	Opening balance	Additions	Scrapping & disposals	Depreciation	Total
Capital work in progress - Olifants Management Model Programme (refer to note 28)	-	177 471 008	-	-	177 471 008
Capital work in progress - Southern Extension 2	118 556 422	179 947 044	-	-	298 503 466
Furniture and fixtures	1 046 522	840 166	-	(208 117)	1 678 571
IT equipment and infrastructure	1 605 692	1 641 807	-	(912 127)	2 335 372
Capital Work in Progress - Existing Scheme	6 707 356	-	(6 707 356)	-	-
Motor vehicles	5 494 484	2 579 479	-	(1 846 595)	6 227 368
Plant and equipment - Booyensdal Platinum	1 312 173	54 900	-	(98 241)	1 268 832
Plant and equipment - Existing Scheme	228 427 429	10 582 945	6 707 356	(11 387 764)	234 329 966
Plant and equipment - Southern Extension 1	124 900 618	-	-	(7 347 328)	117 553 290
Tools and equipment	875 185	1 308 428	-	(440 180)	1 743 433
	488 925 881	374 425 777	-	(22 240 352)	841 111 306

Notes to the Annual Financial Statements for the year ended 30 June 2025

3. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Capital costs - Eskom powerline	11 102 342	(10 045 923)	1 056 419	11 102 342	(9 517 714)	1 584 628
Eskom POD Cost	3 168 837	(2 916 635)	252 202	3 168 837	(2 790 534)	378 303
Exemption from water resource development charge	224 730 097	(173 058 319)	51 671 778	224 730 097	(164 071 922)	60 658 175
Servitude	3 624 410	-	3 624 410	860 000	-	860 000
Total	242 625 686	(186 020 877)	56 604 809	239 861 276	(176 380 170)	63 481 106

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Capital costs – Eskom power line	1 584 628	-	(528 209)	1 056 419
Eskom POD Cost	378 303	-	(126 101)	252 202
Exemption from water resource development charge	60 658 175	-	(8 986 397)	51 671 778
Servitude	860 000	2 764 410	-	3 624 410
	63 481 106	2 764 410	(9 640 707)	56 604 809

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Capital costs – Eskom power line	2,112,837	(528,209)	1,584,628
Eskom POD Cost	504 404	(126 101)	378 303
Exemption from water resource development charge	69 644 572	(8 986 397)	60 658 175
Servitudes	860 000	-	860,000
	73 121 813	(9 640 707)	63 481 106

4. Other financial assets

At amortised cost	2025	2024
ABSA fixed deposits Eskom guarantees Interest rates at a declining rate from 9.21% to 8.51% (2024:7.47% to 9.26%) per annum. Refer to note 20.	6 001 135	5 628 530
ABSA short-term investment - Institutional Members Funding Institutional Members Funding. Interest rates at a declining rate from 8.32% to 7.92% per annum. Refer to note 20.	1 267 596 502	-
ABSA short-term investment - Operational & project Interest rates at a declining rate from 9.00% to 8.85% (2024:7.85% to 9.33%) per annum. Refer to note 20.	52 691 231	169 867 112
*ABSA fixed deposits - Community support services and social development Interest rates at a declining rate from 8.85% to 8.05% (2024:7.70% to 9.00%) per annum. Refer to note 20.	14 711 087	13 521 495
FNB fixed deposits - Refurbishment funding Interest rates at a declining rate from 9.08% to 8.13% (2024:7.00% to 9.08%) per annum. Refer to note 20.	102 208 355	69 853 216
	1 443 208 310	258 870 353

*The Community support services and social development provision originated as a result of the Association's strategy for social development and commitment to transformation, in terms of clause 5.2 of the Association's Constitution. The provision was realised as the Association has present obligation to execute the SED projects for the mining communities per mandate from the Members. The communities are yet to reach an agreement with the Association on the SED projects to implement. The community funds were invested in an interest bearing account for the purpose of ring-fencing the funds.

Figures in Rand	2025	2024
"Non-current assets At amortised cost"	6 001 135	5 628 530
"Current assets At amortised cost"	1 437 207 175	253 241 823
	1 443 208 310	258 870 353

Notes to the Annual Financial Statements for the year ended 30 June 2025

5. Consumable stock

Figures in Rand	2025	2024
*Consumable stock	5 549 517	5 838 799

* The Association's consumable stock consist of mechanical, electrical, instrumentation spares and other consumable spares, utilised for the repairs and maintenance of assets such as pumps, flow meters, and other operational equipment. These stock are not held for trading but are consumed in the course of carrying out maintenance work to support the Association's operations.

Inventories recognised as an expense

During the year ended 30 June 2025, an amount of R1 637 895 was recognised as an expense in surplus or deficit, primarily relating to the cost of inventories consumed during the period.

6. Trade and other receivables

Figures in Rand	2025	2024
Trade receivables	65 406 697	92 839 629
Deposits - Eskom	-	9 178 093
Deposits - Servitude	-	2 000 000
VAT	-	6 094 110
Deposits - Operating lease	843 476	843 476
	66 250 173	110 955 308

Impairment of trade receivables

During the year ended 30 June 2025, the Association recognised an impairment loss of R15 223 233 in the Statement of Comprehensive Income, which is included within operating expenses. This impairment loss relates to the following:

- Booyensdal Platinum (Pty) Ltd: An impairment loss of R1 259 055 was recognised for invoice (INV4569) outstanding since 1 May 2024, related to the feasibility study on the Olifants Management Model Programme. As at 30 June 2025, the outstanding balance for Booyensdal was reduced to R811 558 after an impairment loss recognition.
- Department of Water and Sanitation (DWS): A total provision for doubtful debt of R13 964 177 was raised against disputed invoices related to the Giyani Water Treatment Works procurement services. This includes Invoice (INV4609), dated 30 June 2024, with an amount of R5 753 777 and invoice (INV4654), dated 27 August 2024, with an amount of R8 210 400. The outstanding balance for DWS was reduced to R26 450 000 as at 30 June 2025 after an impairment loss recognition.
- The total provision for impairment loss (doubtful debt) recognised in the Statement of Comprehensive Income for the current year is R15 223 233.
- The total balance of the provision for doubtful debts as at 30 June 2025, as recognised in the Statement of Financial Position, is R17 741 344. This provision reflects the Association's assessment that these amounts are unlikely to be recovered based on objective evidence, including prolonged overdue status and disputes over payment. The movement in the provision for doubtful debt balance during the year is as follows:

Provision for doubtful debt movement

Figures in Rand	2025	2024
Opening balance	4 099 108	824 881
	4 099 108	824 881
Impairment loss recognised during the year	15 223 233	3 274 227
Doubtful debt recovered during the year	(1 580 997)	-
Closing balance	17 741 344	4 099 108

The total balance of the provision for doubtful debt has reduced the Association's Trade Receivables balance from R83 148 048 to a net carrying amount of R65 406 704.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Provision for doubtful debt movement

Figures in Rand	2025	2024
Cash on hand	737	1 063
Bank balances	1 690 208	14 236 038
Short-term deposits	36 902 167	36 701 771
Bank overdraft	(10 809 833)	-
	27 783 279	50 938 872
Current assets	38 593 112	50 938 872
Current liabilities	(10 809 833)	-
	27 783 279	50 938 872

8. Members' capital reserves

Capital reserves consist of Members' capital contribution towards construction of Badirammogo Water Schemes.

Capital contributions were received from Members to construct a main scheme at the establishment of the Association. Capital contributions were also made to Booyensdal scheme, Southern Extension 1 & 2 scheme as well as the Olifants Management Model Programme scheme as the Association is expanding.

Members	2025	2024
Capital contributions	1 905 972 579	551 544 720

9. Short-term payables

The non-members' non-distributable capital reserve comprises contributions from non-members, specifically Glencore Lion Smelter's contribution of R29 769 755 and Two Rivers Platinum Mine's contribution of R158 357 257, totaling R188 127 012 as at 30 June 2025 (2024: R188 127 012). These contributions were received in 2023 financial year to fund the construction of the Southern Extension 2 water scheme (SE2) infrastructure, which has been practically completed as of 30 June 2025.

The contributions are non-refundable and represent funding for infrastructure that forms part of the Association's assets base. As there is no present obligation to repay these amounts, they are classified as a non-distributable capital reserve within equity, in accordance with Section 4.7 of IFRS for SMEs.

Upon fulfillment of membership conditions, including the signing of the Members' Agreement and formal admission of non-members by resolution, these amounts will be reclassified to Members' capital reserves. In the unlikely event that membership conditions are not met, the contributions remain within the non-distributable capital reserve of the Association, as they are irrevocably committed to the Association's infrastructure.

	2025	2024
Southern ext. 2 capital contributions	188 127 012	188 127 012

Notes to the Annual Financial Statements for the year ended 30 June 2025

10. Short-term payables

	2025	2024
At amortised cost		
Payables due to Members - Southern Extension 1	3 027 149	3 316 297
Current liabilities		
At amortised cost	3 027 149	3 316 297

11. Deferred income

	2025	2024
Deferred income	51 675 669	60 664 719
Net deferred income		
Non-current liabilities	42 688 315	51 677 365
Current liabilities	8 987 354	8 987 354
	51 675 669	60 664 719

12. SED commitment liability

Figures in Rand

Reconciliation of SED commitment liability - 2025	Opening balance	Additions	Total
*Community support services and social development	13 521 495	1 189 592	14 711 087
Reconciliation of SED commitment liability - 2024	Opening balance	Additions	Total
*Community support services and social development	12 400 262	1 121 233	13 521 495

*The Community support services and social development provision originated as a result of the Association's strategy for social development and commitment to transformation, in terms of clause 5.2 of the Association's Constitution. The provision was recognised as the Association has a present obligation to execute the SED projects for the mining communities per mandate from the Members. The communities are yet to reach an agreement with the Association on the SED projects to implement. The community funds were invested in an interest bearing account for the purpose of ring-fencing the funds. Please refer to note 4.

13. Trade and other payables

	2025	2024
Trade payables	35 604 451	50 880 392
VAT	14 195 581	-
Raw water payables - refer to note 23	1 559 870	1 559 870
Membership activation deposit	4 500 000	-
Accrued payroll expenses	11 784 539	5 612 496
Other payables*	8 025 407	5 817 637
	75 669 848	63 870 395

*Other payables consists of accrued audit fees, purchases accruals and non-member deposits

14. Revenue

	2025	2024
Sale of raw water	61 485 992	54 664 299
Fixed operating levy	104 650 371	102 888 959
Feasibility - OMM Programme	-	151 390 670
Refurbishment Fund Levy	22 652 829	15 646 179
SED Levy	2 678 808	3 847 837
	191 468 000	328 437 944

15. Direct cost

	2025	2024
Water	6 568 030	4 310 940
Other direct cost	77 741	73 962
Electricity	60 578 210	46 232 167
	67 223 981	50 617 069

16. Other income

	2025	2024
Profit on sale of assets	151 315	-
Amortisation of deferred income	8 989 050	8 987 274
Scrapping income	55 307	281 146
Operating lease income	198 922	84 700
Bad debts recovered	1 580 997	-
Insurance claims received	13 839	5 805
Ad-Hoc services rendered - DWS Giyani	7 139 478	33 421 870
The Energy & Water Sector Training Authority (EWSETA) grants	118 859	109 770
	18 247 767	42 890 565

Notes to the Annual Financial Statements for the year ended 30 June 2025

17. Operating expenses

The total direct costs, employee costs, lease expenses, depreciation and amortisation, project feasibility expenses and other operating expenses are analysed by nature as follow:

	2025	2024
Depreciation and amortisation	28 093 120	31 881 058
Employee costs	49 480 758	44 990 371
Lease expenses	2 938 546	3 906 093
*Other operating expenses	44 987 712	44 114 837
Southern Ext. 2 Feasibility Expenses	416 833	7 474 696
Olifants Management Model Programme Feasibility Expenses	37 741 926	41 445 056
	163 658 895	173 812 111

*The Association's other operating expenses encompass various costs essential to its operational activities. These include, but are not limited to, repairs and maintenance, administration expenses, and legal expenses. These costs are incurred to support the ongoing operations and management of the Association, ensuring its facilities and services are maintained effectively. The amounts aggregated within this category are not individually material.

18. Auditor's remuneration

	2025	2024
External audit fees	1 646 552	784 909
Internal audit fees	640 753	-
	2 287 305	784 909

19. Employee costs

	2025	2024
Compensation	44 098 620	42 308 217
Short-term employee costs	3 417 263	2 225 708
Unemployment Insurance Fund	94 936	91 229
Workmen's compensation Act	165 880	-
Skills Development Levy	361 949	365 217
*Termination benefits	1 342 110	-
	49 480 758	44 990 371

*During the reporting period, the Association recognised termination benefits arising from a mutual separation agreement with an employee on 11 October 2024. These benefits included payments in lieu of notice pay, severance pay, accrued leave entitlements, and other related costs. The total obligation of R1 342 110 was recognised as an expense in surplus or deficit in November 2024 and was settled through direct electronic funds transfer, net of applicable tax deductions as per the tax table from the South African Revenue Service. The obligation was funded through cash.

20. Depreciation and amortisation

The following items are included within depreciation, amortisation and impairments:

	2025	2024
Depreciation		
Property, plant and equipment	18 452 412	22 240 352
Amortisation		
Intangible assets	9 640 708	9 640 706
Total depreciation, amortisation and impairments		
Depreciation	18 452 412	22 240 352
Amortisation	9 640 708	9 640 706
	28 093 120	31 881 058

21. Interest income

	2025	2024
Interest income		
Other financial assets	53 226 418	32 193 422
Trade and other receivables	177 813	140 191
Bank	512 947	1 517 880
	53 917 178	33 851 493

*Interest received - Statement of Cash Flows reconciliation

	2025
Figures in Rand	
Total interest income for the year	53 917 178
Interest income recognised in Statement of Comprehensive Income	53 917 178
Less: accrued interest	(9 505 762)
Interest received recognised in Statement of Cash Flows	44 411 416

*The reconciliation of interest received for the period ended 30 June 2025 is presented above. Interest income in the Statement of Comprehensive Income includes accrued interest of R9 505 762 and interest received of R44 411 416, totaling R53 917 178, as disclosed in note 20 above. The interest received, amounting to R44 411 416, is reflected as an inflow under cash flows from operating activities in the Statement of Cash Flows.

Notes to the Annual Financial Statements for the year ended 30 June 2025

22. Finance costs

Figures in Rand	2025	2024
Interest on late payments of contractors	688 752	2 796
Bank	522	55
Interest and penalties on late payment of employees' tax	262 882	146 389
Finance costs paid on designated funds	1 215 845	1 415 196
	2 168 001	1 564 436

*Finance costs paid - Statement of Cash Flow reconciliation

Figures in Rand	2025
Total finance costs for the year	2 168 001
Total finance costs recognised in Statement of Comprehensive Income	2 168 001
Less: accrued interest	(26 251)
Total finance costs paid recognised in Statement of Cash Flows	2 141 750

*The reconciliation of finance costs for the period ended 30 June 2025 is presented above. In the Statement of Comprehensive Income, finance costs comprise accrued costs of R26 251 and paid costs of R2 141 750, totalling R2 168 001, as disclosed in Note 21. The finance costs paid, amounting to R2 141 750, are reflected as an outflow under cash flows from operating activities in the Statement of Cash Flows.

23. Cash generated from operations

	2025	2024
Surplus	30 582 069	179 186 387
Adjustments for:		
Depreciation and amortisation	28 093 120	31 881 057
Profit on sale of assets	(151 315)	-
Movement in SED Provision	1 189 592	1 121 233
Movement in provision for doubtful debt	15 223 233	3 274 226
Movement in accrued operating expenses	583 409	-
Other non-cash item included in surplus or deficit	8 890 120	-
Interest income	(53 917 178)	(33 851 493)
Finance costs	2 168 001	1 564 436
Changes in working capital:		
(Increase) decrease in consumable stock	289 282	(1 554 095)
(Increase) decrease in trade and other receivables	52 799 447	(8 899 180)
Increase (decrease) in trade and other payables	2 325 924	21 458 254
Increase (decrease) in deferred income	(8 989 050)	(8 987 274)
	79 086 653	185 193 551

24. Commitments

Commitments relating to Southern Ext. 2 and OMMP capital projects

The Association has committed to significant capital expenditure as part of the Olifants Management Model Programme (OMMP), a multi-year initiative aimed at enhancing water infrastructure and operational capabilities in the Eastern and Northern Limb regions. The OMMP includes projects such as the construction and refurbishment of water treatment works, reservoirs, pipelines, pump stations, reticulation systems, and renewable energy installations (e.g., PV solar plants and battery storage systems). These projects are expected to contribute meaningfully to the achievement of the 11 United Nations Sustainable Development Goals (SDGs).

The total capital commitment for Southern Ext. 2 amount to R86.8 million for next financial year and for Olifants Management Model Programme amount to R5 billion, with specific project budgets for the next two financial years.

Southern Extension 2	2024/2025	2025/2026	Water projects - capital costs	Total - SE2 Phase 2
Phase 2 capital costs	-	86 833 519	-	86 833 519
OMM Programme - Cashflow based on approved full business case estimate. Water projects - capital costs	-	4 366 282 578	719 443 238	Total - OMMP 5 085 725 816

25. Contingencies

The Department: Water and Sanitation (DWS) issued the Association with an account statement showing an amount of R32 032 254.11 (2024: R27 608 798.91) due by the Association. The basis of calculation, assumptions used and invoices issued is currently the subject of a joint review process by the DWS and the Association. This review process has indicated that the DWS has charged the Association operational costs on four offtake points, namely on the 16 000 000 m³, the 3 880 000 m³ and the 1 001 462 m³ at an assumed metered point at Havercroft, whilst in reality the Association has only one metered offtake point.

In order to rectify this matter the DWS has undertaken to review and reverse incorrectly levied operational cost charges raised and the interest charged on these invoices on the three assumed offtake points. The Association would only be liable for the actual usage measured in the metered point at Havercroft, which has been paid since commencement of operations. Furthermore the Association appointed an external independent auditor, namely Mazars Gauteng, to investigate the balance due by the Association according to the DWS. Based on the procedures and calculations performed by Mazars, they concluded that the balance should be reduced to R1 346 663.76. Through the review process this sum calculated by Mazars has been accepted by the DWS and is due to the DWS upon receipt of appropriate tax invoices.

26. First-time adoption of the IFRS for SMEs Accounting Standard

The Association has applied the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board, for the first time for the 2025 year end. The Association's financial statements for the year ended 30 June 2024 were prepared under the entity-specific accounting policies that were adapted from the IFRS for SMEs Accounting Standard.

Retrospective application

In accordance with the transitional provisions of IFRS for SMEs, the Association has applied the retrospective approach to the first-time adoption of the standard. As a result, the financial statements for the prior period (year ended 30 June 2024) have been restated to include the prior year comparative related party transactions and balances, (refer to note 27: related parties).

In the financial statements for the year ended 30 June 2024 (as originally presented under entity-specific policies), the SED commitment was classified and presented as a provision. Under the IFRS for SMEs Accounting Standard, an item must meet the definition of a provision in Section 21 (provisions and contingencies). As the Association retains control over the decision regarding which specific SED project(s) to undertake (despite having an obligation to the communities), the SED commitment does not meet the definition of a provision.

Accordingly, the balance previously classified as a Provision has been reclassified on the Statement of Financial Position as an SED commitment liability. This adjustment affects the classification within liabilities and does not change the total amount of liabilities recognised at the date of transition. The corresponding note detailing the nature and purpose of this liability is provided in note 12: SED commitment liability.

Date of transition to the new standard: 30 June 2024

In adopting the IFRS for SMEs Accounting Standard, the Association has applied the exemptions and transitional provisions permitted under Section 35 of the standard. These exemptions were utilised to avoid unnecessary costs and to ensure a seamless adoption process, without affecting the reported amounts or disclosures in the financial statements.

Additionally, the Association has applied the accounting policy choice in terms of Section 35.6 of the IFRS for SMEs Accounting Standard and has presented only one comparative period in these financial statements. As a result, the effective date of transition is 30 June 2024, being the end of the comparative period presented.

Notes to the Annual Financial Statements for the year ended 30 June 2025

27. Related parties

Relationships	Company
Commercial Member	Rustenburg Platinum Mines
Commercial Member	Corridor Mining Resources
Commercial Member	Tubatse Alloy
Commercial Member	Samancor Chrome
Commercial Member	Northam Platinum (Booysendal Mine)
Commercial Member	Impala Platinum (Marula Platinum Mine)
Commercial Member	Modikwa Platinum Mine
Commercial Member	Valterra Platinum
Commercial Member	Department of Water and Sanitation
Commercial Member	Lepelle Northern Water Board

Related party balances and transactions with entities with control, joint control or significant influence over the Association

Related party balances	2025	2024
Amounts included in Trade and other Payables regarding related parties		
Department of Water and Sanitation	610 773	584 052
Amount included in Trade and other Payables regarding a related party		
Department of Water and Sanitation	40 414 178	51 655 233
Lepelle Northern Water Board	890 757	486 257
Corridor Mining Resources	319 162	332
Tubatse Alloy	1 087 889	1 012 392
Samancor Chrome	1 176 365	978 094
Rustenburg Platinum Mines	19 029 388	5 643 593
Northam Platinum (Booysendal Mine)	4 194 206	3 777 167
Impala Platinum (Marula Platinum Mine)	599 986	570 460
Modikwa Platinum Mine	1 903 772	1 193 785
Amount included in short-term payables regarding a related party		
Rustenburg Platinum Mines	3 027 149	3 316 297
Amounts included in other financial assets regarding related parties		
Department of Water and Sanitation	1 267 596 502	-
Amount included in short-term deposits and member's deposits regarding related parties		
Rustenburg Platinum Mines	202 108	538 567
Amounts included in provision for doubtful debts regarding related parties		
Department of Water and Sanitation	13 964 178	-
Northam Platinum (Booysendal Mine)	3 777 167	2 518 111
Fixed costs revenue received from related parties	2025	2024
Department of Water and Sanitation	17 869 183	14 360 520
Corridor Mining Resources	840 895	675 781
Tubatse Alloy	2 018 157	1 621 909
Samancor Chrome	10 090 834	8 109 459
Rustenburg Platinum Mines	48 772 378	39 195 819
Northam Platinum (Booysendal Mine)	4 204 522	9 461 064
Impala Platinum (Marula Platinum Mine)	7 399 942	18 651 781
Modikwa Platinum Mine	13 454 460	10 812 626

27. Related parties continued

Related party transactions	2025	2024
Interest paid to (received from) related parties		
Department of Water and Sanitation	(35 474 552)	-
Rustenburg Platinum Mines	26 253	1 415 196
Rustenburg Platinum Mines	(26 253)	(1 415 196)
Refurbishment fund levy revenue received from related parties		
Department of Water and Sanitation	3 867 999	2 183 784
Corridor Mining Resources	182 022	102 765
Tubatse Alloy	436 854	246 642
Samancor Chrome	2 184 282	1 233 194
Rustenburg Platinum Mines	10 557 367	5 960 453
Northam Platinum (Booysendal Mine)	910 119	1 438 731
Impala Platinum (Marula Platinum Mine)	1 601 806	2 836 350
Modikwa Platinum Mine	2 912 379	1 644 261
Raw water revenue received from related parties		
Lepelle Northern Water Board	8 989 085	5 591 630
Corridor Mining Resources	352 027	10 452
Tubatse Alloy	3 755 317	3 504 170
Samancor Chrome	307 320	430 703
Rustenburg Platinum Mines	6 369 070	5 634 979
Northam Platinum (Booysendal Mine)	5 192 587	4 424 648
Impala Platinum (Marula Platinum Mine)	6 365 730	5 349 178
Modikwa Platinum Mine	10 554 367	11 406 450
SED fund levy revenue received from related parties		
Corridor Mining Resources	12 755	390
Tubatse Alloy	136 062	130 753
Samancor Chrome	11 135	16 071
Rustenburg Platinum Mines	230 763	210 260
Northam Platinum (Booysendal Mine)	188 137	165 099
Impala Platinum (Marula Platinum Mine)	230 642	199 596
Modikwa Platinum Mine	382 405	425 614
Rustenburg Platinum Mines	230 763	210 260
Other income from received from a related party		
Department of Water and Sanitation	7 139 478	33 421 870
Capital contributions received from a related party		
Department of Water and Sanitation	1 354 427 859	-
Direct raw water cost paid to a related party		
Department of Water and Sanitation	6 568 030	4 310 940
Rent paid to a related party		
Rustenburg Platinum Mines	603 342	-
OMM Programme - feasibility revenue received from related parties		
Department of Water and Sanitation	-	85 266 011
Northam Platinum (Booysendal Mine)	-	8 120 573
Rustenburg Platinum Mines	-	27 841 964
Impala Platinum (Marula Platinum Mine)	-	5 104 357
Modikwa Platinum Mine	-	9 512 670

Notes to the Annual Financial Statements for the year ended 30 June 2025

28. Management Committee Members' remuneration

Executive 2025

Members' emoluments	Basic salary	Bonuses and performance related payments	Travel reimbursements and other allowances	Total
Services as Chief Executive Officer				
J.A. Bierman (Retired 31/12/2024)	2 379 513	4 739 249	32 493	7 151 255
Dr K. Duvenhage (Appointed 01/01/2025)	2 146 000	-	95 538	2 241 538
	4 525 513	4 739 249	128 031	9 392 793

Executive 2024

Members' emoluments	Basic salary	Retention bonus	Total
Services as Chief Executive Officer			
Mr Bertus Bierman	4 846 112	4 147 200	8 993 312

29. Prior period errors

During the current financial year, the Association identified that certain Olifants Management Model Programme (OMMP) study costs totaling R177 471 009, which were incurred and expensed in the prior financial year ended 30 June 2024, met the criteria for capitalisation as capital work in progress under Section 13 (Property, Plant and Equipment). These costs relate to feasibility and planning studies for capital projects that are expected to generate future economic benefits. The error resulted in an understatement of capital work in progress (included in property, plant and equipment) and an understatement of retained surplus in the prior period. In accordance with IFRS for SMEs Section 10 (Accounting Policies, Estimates and Errors), the error has been corrected retrospectively by restating the comparative information for the year ended 30 June 2024.

The error has been corrected retrospectively in the prior period by reducing the Olifants Management Model Programme feasibility expenses, by R177 471 009, increasing surplus for the year ending on 30 June 2024 by the same amount. Retrospective restatement was practicable, and no other periods are affected. The error was identified through a review of project documentation and capitalisation policies during the current year. Management has implemented enhanced review procedures to prevent similar errors in the future.

In the financial statements for the year ended 30 June 2024, contributions from non-members totaling R188 127 012 were incorrectly classified as short-term payables under current liabilities. Upon reassessment, it was determined that these contributions do not meet the definition of a liability under Section 2.15(b) of IFRS for SMEs, as there is no present obligation to transfer economic benefits to the non-members. These contributions are non-refundable and were utilised for the construction of the Southern Extension 2 (SE2) infrastructure, forming part of the Association's assets base.

Accordingly, these amounts have been reclassified to a non-members' non-distributable capital reserve within equity to accurately reflect the economic substance of the transaction.

Corrections of the above errors have been applied retrospectively in accordance with Section 10 of IFRS for SMEs and it has resulted in the following restatements:

29. Prior period errors continued

	2024 as previously reported	2024 error adjustments	2024 restated balance
Statement of Financial Position			
Property, plant and equipment	663 640 298	177 471 009	841 111 307
Short-term payables	188 127 012	(188 127 012)	-
Non-Memers' capital reserves	-	188 127 012	188 127 012
	851 767 310	177 471 009	1 029 238 319
Statement of Changes in Equity			
Retained surplus as at 1 July 2024	272 680 101	177 471 009	450 151 110
Statement of Comprehensive income			
Olifants Management Model Programme Feasibility Expenses	191 739 985	(151 622 225)	40 117 760
Employee costs	70 839 155	(25 848 784)	44 990 371
Surplus for the year	1 715 372	177 471 009	179 186 381
	264 294 512	-	264 294 512
Statement of Cash Flows			
Cash paid to suppliers and employees	348 993 745	(177 471 009)	171 522 736
Purchase of property, plant and equipment	196 954 768	177 471 009	374 425 777
	545 948 513	-	545 948 513

30. Going concern

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

The Members believe that the Association 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 Members have satisfied themselves that the Association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Members are not aware of any new material changes that may adversely impact the Association. The Members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Association.

31. Events after the reporting period

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

List of abbreviations

AFS	Annual Financial Statements
AGM	Annual General Meeting
Association	Badirammogo Water User Association
BOQ	Bill of Quantity
CBO	Community-Based Organisations
CMA	Catchment Management Area
DBE	Department of Basic Education
DWS	Department of Water and Sanitation
ECD	Early Childhood Development
EPC	Engineering, Procurement, Construction
ERM	Enterprise Risk Management
EWC	Early Works Contract
FID	Final Investment Decision
FinCom	Finance Committee
FMEA	Failure Mode Effect Analysis
IFRS	International Financial Reporting Standards
IR	Integrated Report
IRBA Code	Independent Regulatory Board for Auditors', Code of Professional Conduct for Registered Auditors
IM	Information Management
IMS	Integrated Management System
ISA	Infrastructure South Africa
ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
IT	Information Technology
King IV	King IV™ Code on Corporate Governance
KPI	Key Performance Indicator
LDARD	Limpopo Department of Agriculture and Rural Development
LNW	Lepelle Northern Water Board
LTIFR	Lost Time Injury Frequency Rate
ManCom	Management Committee

MEC	Member of the Executive Council
MLM	Mogalakwena Local Municipality
MoA	Memorandum of Agreement
Mol	Memorandum of Intent
MORP	Municipal Operational Readiness Programme
NOSA	National Occupational Safety Association
NWA	National Water Act, 1998 (Act 36 of 1998)
OEM	Original Equipment Manufacturer
OMMP	Olifants Management Model Programme
OpsCom	Operations Committee
ORWRDP	Olifants River Water Resources Development Project
PEN	Participate Envision Navigate
PGM	Platinum Group Metals
RemCom	Remuneration Committee
RFP	Request for Proposals
SDM	Sekhukhune District Municipality
SED	Socio-Economic Development
SE2	Southern Extension 2
SHE	Safety, Health and Environment
SIDSSA25	Sustainable Infrastructure Development Symposium South Africa 2025
SeCom	Social and Ethics Committee
SETA	Sector Education Training Authority
SGM	Special General Meeting
SHERQ	Safety, Health, Environment, Risk and Quality
SMME	Small, Micro or Medium Enterprise
SPV	Special Purpose Vehicle
SUP	School Upgrade Programme
WSA	Water Service Authority
WSP	Water Service Provider

Badirammogo Water User Association

Contact Details

The Badirammogo Water User Association (formerly known as Lebalelo Water User Association) is a public-private collaboration focused on bulk raw water supply in Limpopo, South Africa.

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