



SADPMR

SOUTH AFRICAN DIAMOND &
PRECIOUS METALS REGULATOR



ANNUAL REPORT 2025/26

COVER STORY

WHERE THE SHALLOWS MEET THE DEEP EARTH AND TIME

The cover of the SADPMR Annual Report for FY2025/26 gathers four images into one national story. Together, a mine, a ribbon, gold, platinum, people, prices, and the SADPMR logo show how South Africa's precious mineral endowment becomes public value only when it is governed with integrity, certified with care, and traded with confidence.

The dominant image of Qala Shallows Gold Mine gives the cover its soul. Following mobilisation and mine development in 2025, Qala Shallows entered production in March 2026 as the first new gold mine to come into production in South Africa in 15 years. After 140 years of mining in the Witwatersrand Basin, in the shallows and the deep around the City of Gold, a new mine still rises near Johannesburg as the city approaches its 140th birthday in October 2026. Few places on earth can carry such history and still produce such promise. South Africa remains, in a profound geological sense, one of the most precious countries in the world.

The ribbon-cutting image brings people into the frame and reminds us that mining is not only about geology, machinery, or price, but also about work, confidence, investment, lawful participation, and national stewardship. The mine may begin in rock, but its meaning grows through regulation, licensing, compliance, inspection, certification, beneficiation and responsible trade.

The gold and platinum images give the cover its global pulse. In December 2025, Reuters reported that spot gold reached an all-time high of US\$ 4,549.71 per ounce and platinum reached a record US\$ 2,454.12 per ounce on 26 December 2025, underscoring a world still shaped by precious metals. These records were surpassed during January 2026, when spot gold rose to US\$ 5,594.82 per ounce, and platinum reached US\$ 2,918.80 per ounce, setting new highs within the FY2025/26 reporting period. These extraordinary prices remind us that South Africa's mineral story reaches far beyond its borders. Gold carries Johannesburg's origin story. Platinum carries South Africa's modern industrial relevance. Both metals connect geology to markets, and markets to trust.

This is where the SADPMR's work becomes visible through the invisible. Behind every lawful consignment, licence, certificate, inspection and compliance decision sits a larger public duty: to protect integrity in sectors where value is mobile, risk is real, and confidence is currency. The true value of a precious mineral begins where its origin, movement and legitimacy can be trusted.

The cover is therefore a portrait of mandate, showing a country shaped by a profound mineral inheritance and renewed possibility; a regulator positioned between heritage and modernity; and a sector whose shine must always be matched by evidence, governance, and public purpose.



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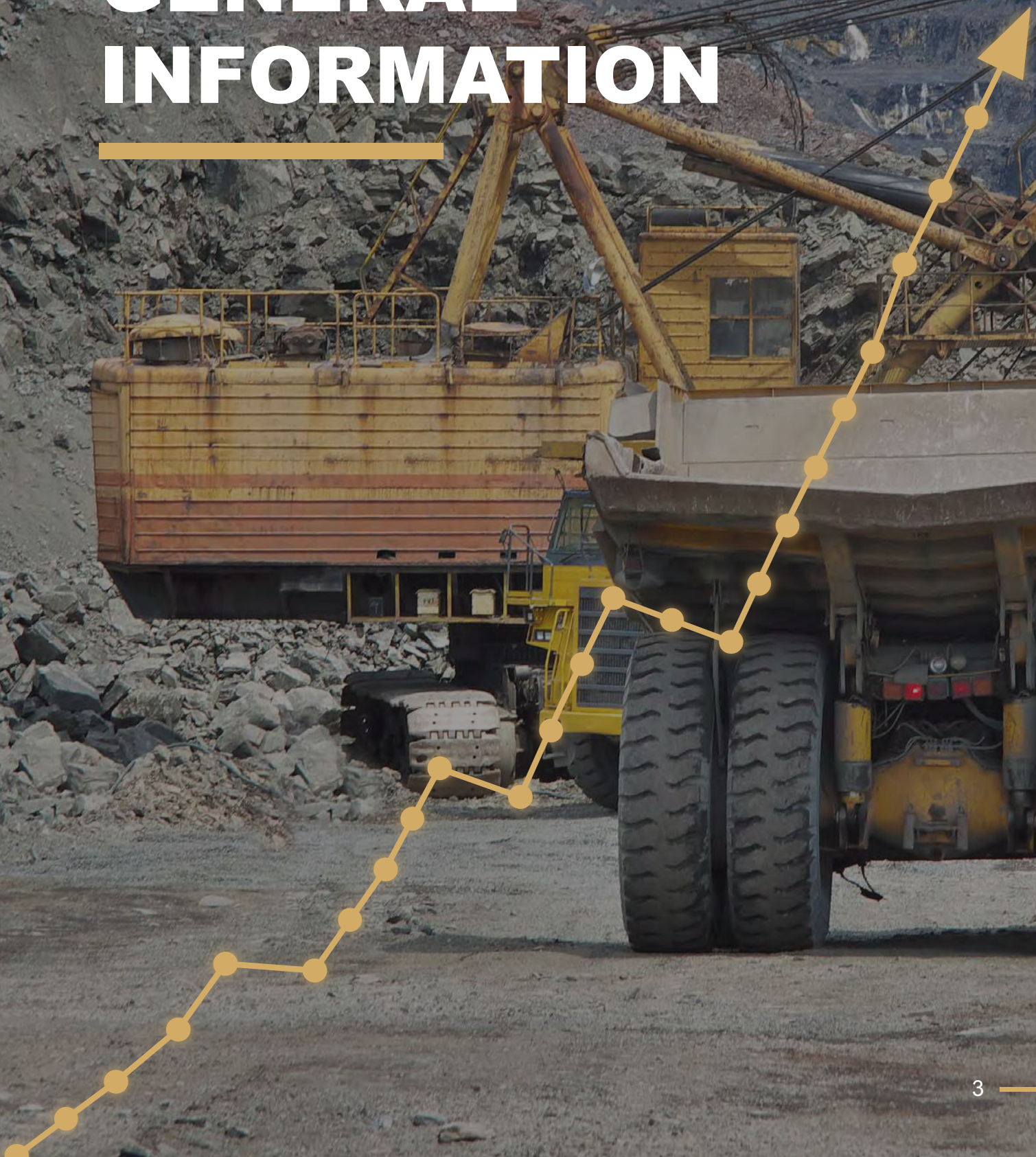
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A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

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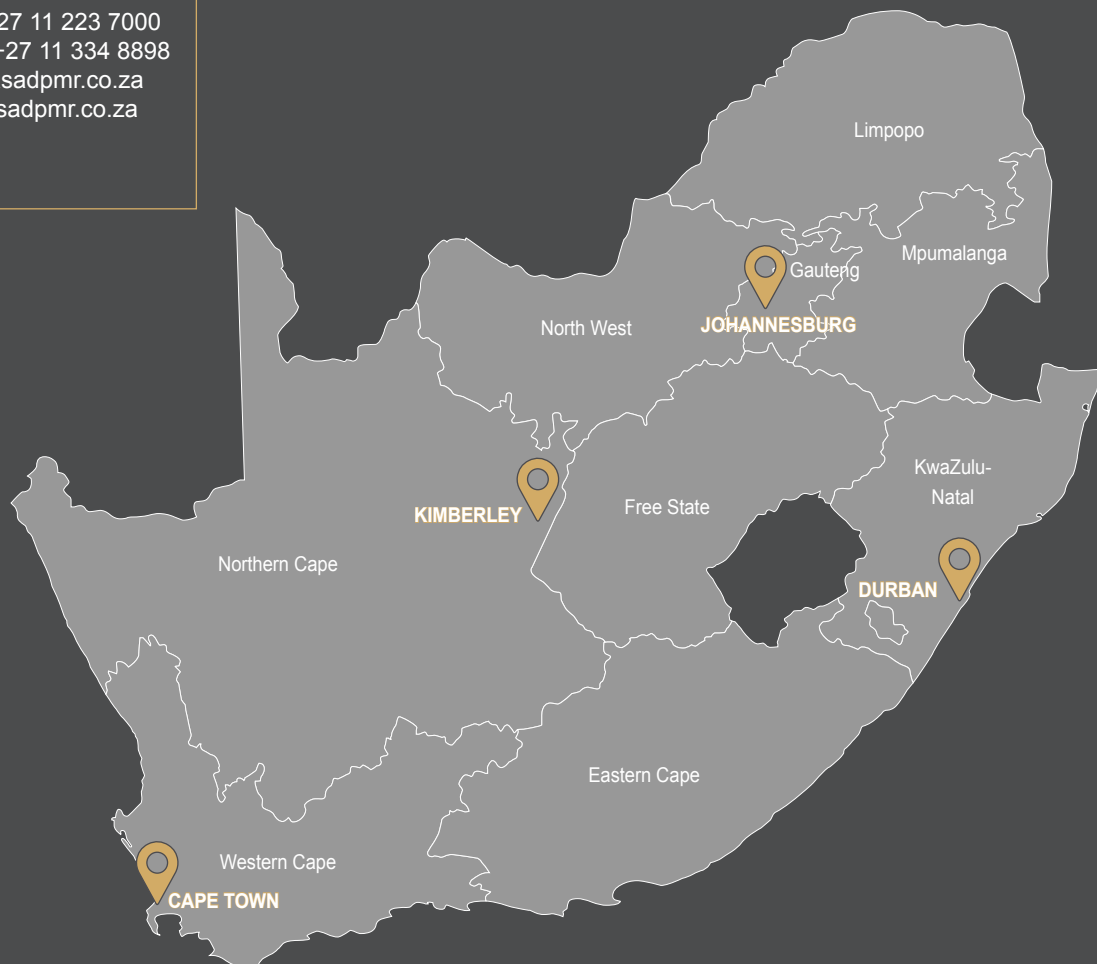
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BANKERS: Nedbank

COMPANY/ BOARD SECRETARY: Adv. Paul Motsepe

2. LIST OF ABBREVIATIONS/ACRONYMS

ADPA	African Diamond Producers Association
AGSA	Auditor-General of South Africa
AML	Anti Money Laundering
APP	Annual Performance Plan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFT	Counter Terrorist Financing
COIDA	Compensation for Occupational Injuries and Diseases Act
DEEC	Diamond Exchange and Export Centre
DNFBP	Designated Non-Financial Businesses and Professions
DV	Diamond Valuator
EDP	Enterprises Development Programme
EU	European Union
FARC	Finance, Audit, and Risk Committee
FATF	Financial Action Task Force
FASSET	Finance and Accounting Services Sector Education and Training Authority
FIC	Financial Intelligence Centre
FMV	Fair Market Value
FY	Financial Year
GBV	Gender-Based Violence
GIDZ	Gauteng Industrial Development Zone
GRAP	Generally Recognised Accounting Practice
HDP	Historically Disadvantaged Persons
IAF	International Accreditation Forum
IA	Internal Audit
KPCS	Kimberley Process Certification Scheme
KPI	Key Performance Indicator
MQA	Mining Qualification Authority
MoA	Memorandum of Agreement
MPSS	Minimum Performance Specifications and Standards

NDP	National Development Plan
NCSMT	National Coordination Strategic Management Team
NOC	National Operational Committee
NPA	National Prosecuting Authority
NSG	National School of Government
NVS	National Vetting Strategy
PFMA	Public Finance Management Act
PGMs	Platinum-Group Metals
PMR	Process Management Repository
POC	Provincial Operational Committee
PPC	Parliamentary Portfolio Committee
SADPMR	South African Diamond and Precious Metals Regulator
SAPS	South African Police Service
SARS	South African Revenue Service
SDT	State Diamond Trader
SEFDA	Small Enterprise Development and Finance Agency
SEZ	Special Economic Zones
SMMEs	Small, Medium and Micro Enterprises
SSA	State Security Agency
TETA	Transport Education Training Authority
TPI	The Platinum Incubator
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
US\$	United States Dollar
USA	United States of America
WGM	Working Group on Monitoring
WSP	Workplace Skills Plan
ZAR	South African Rand

3. FOREWORD BY THE CHAIRPERSON



Abiel Mngomezulu
Chairperson

This being our first full year as the Accounting Authority of the SADPMR, gave us an opportunity to be fully accountable for our actions in fulfilling our mandate. In doing so, we made sure that all policies are up to date, and we are also able to refine the Regulators' strategy. We continued to reinforce ethical leadership and regulatory effectiveness. We engaged with those we regulate especially in finding ways for them to experience a seamless working relationship with us. In this regard, we were in a position, with their input, to propose amendments to our founding legislation and regulations to the Executive Authority. It is now up to the Executive Authority to take the process forward.

As I indicated during the previous reporting period, we inherited a loss-making organisation due to the slump in the industry we serve; unfortunately, external market pressures continued. The Gold and PGM prices improved during the current reporting period, the bulk of self-generated (non-exchange) revenues are derived mainly (in the order of 90%) from the Diamond industry. The reduced producer volumes and lower levy/tax receipts negatively impacted our revenues. We have now experienced three consecutive years of losses, which have depleted our reserves, resulting in a threat to our going concern status. In these three years, we have made losses to the tune of R57,4 million, which is associated with a 43,6% drop in self-generated revenues. We currently conduct a rolling assessment of our going concern status quarterly.

Our loss-making position has affected the morale in the organisation. In order to survive, we have implemented a number of cost-saving measures and developed new revenue streams. Suggestions to ameliorate the situation were forwarded to the Executive Authority as indicated in our previous report, and we are still awaiting the Executive Authority's implementation. Reminders are always

forwarded to the Executive Authority on a quarterly basis. Unfortunately, the industry forecast does not look any better, restoring long-term financial sustainability remains a strategic priority and will continue to guide Board deliberations.

Although financial constraints remain a concern, the Board is encouraged by the gradual improvement in financial discipline and the implementation of practical measures to preserve the entity's going concern status.

Good governance remained central to the Board's work during the year under review. The Board discharged its fiduciary duties diligently, ensuring that the implementation of strategy, risk management, audit outcomes and compliance with applicable legislation received focused attention. The work of the Board committees continued to strengthen oversight and accountability across the organisation.

The Board composition during the 2025/2026 financial year reflected a balance of experience and independence, enabling robust engagement with Management on strategic and operational matters. The Board acknowledges the commitment and professionalism demonstrated by all Board members during a demanding period for the entity.

It is with deep regret and sadness that, during 2025, the Board recorded the passing of one of its valued non-executive Board members, Dr Natalie Skeepers. The late Board member served the SADPMR with integrity, dedication and insightful leadership. Her contribution to governance, institutional stability and ethical oversight will be remembered with respect and gratitude. On behalf of the Board, I once again extend our sincere condolences to her family, colleagues and loved ones.

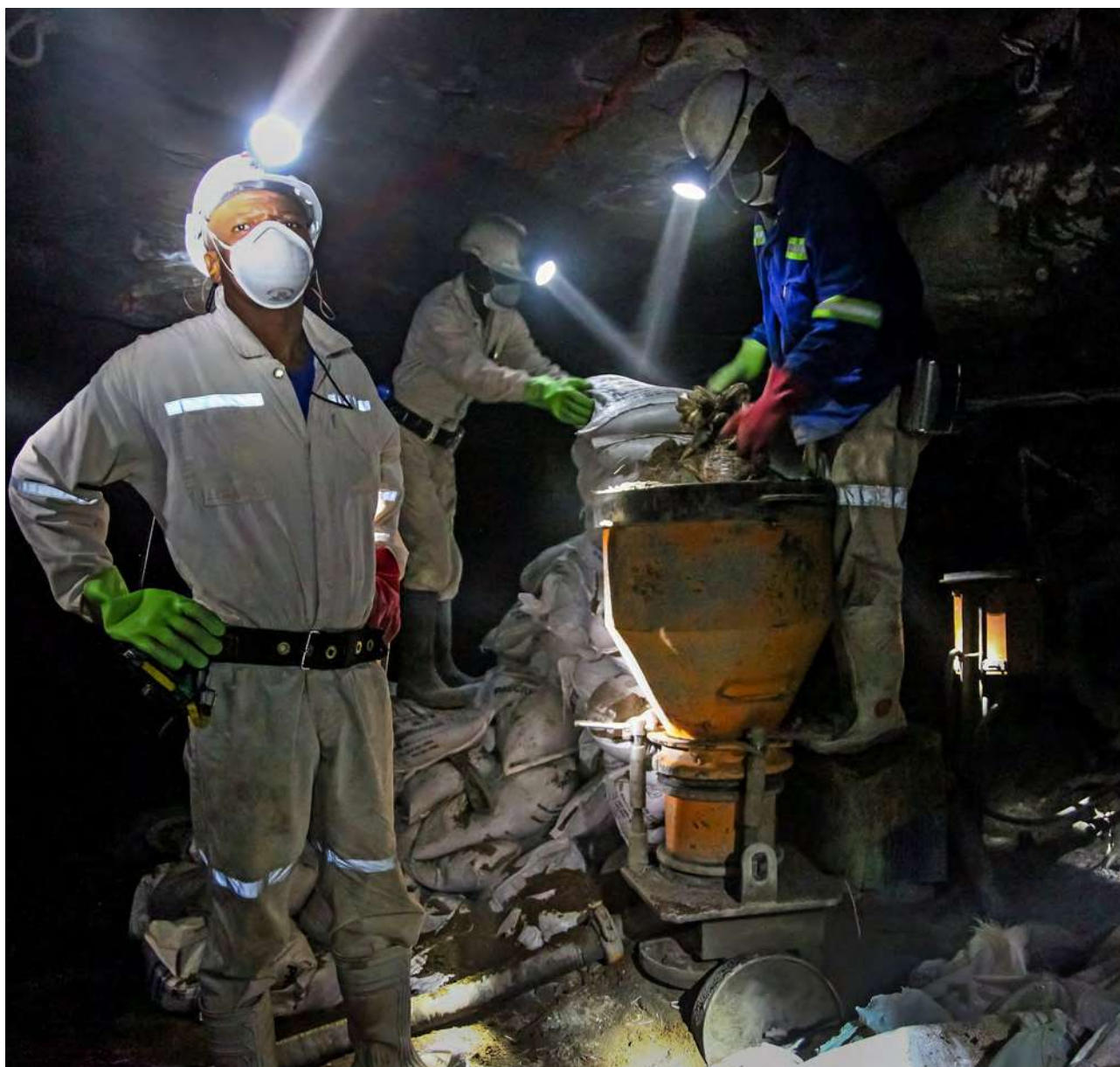
Looking ahead, the Board remains cautiously optimistic. While challenges persist, the SADPMR is better positioned to address them through improved governance, stronger financial management and constructive engagement with its Executive Authority. The lessons drawn from the quarterly performance reviews of the past year have sharpened the organisation's focus and reinforced the importance of sustainability, accountability and transformation.



Mr Abiel Mngomezulu

Chairperson of the Board

In closing, I wish to thank the Minister, the Department of Mineral and Petroleum Resources, fellow Board members, Management and especially the staff of the SADPMR for their continued commitment under challenging circumstances. It is through collective effort and shared purpose that the SADPMR will continue to fulfil its mandate in the country's interests.



4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Cecil Khosa
Chief Executive Officer

The 2025/26 financial year was characterised by significant external pressures on the diamond industry, requiring the SADPMR to balance prudent financial management with the continued delivery of its legislative mandate. Despite operating in a prolonged downturn in the natural diamond market, the organisation maintained service excellence, strengthened regulatory oversight and continued implementing strategic interventions aimed at positioning the industry for long-term sustainability.

The SADPMR achieved 91,4% of its performance targets as set out in the Annual Performance Plan (APP) for the 2025/26 financial year. From an operational perspective, the entity continued to demonstrate resilience. For the fourth consecutive year, the Regulator achieved 100% compliance with legislated licensing turnaround times, providing certainty to industry participants while maintaining the integrity of the regulatory framework. Across the organisation, the majority of annual performance targets were achieved or exceeded, reflecting the commitment of employees and management despite a constrained operating environment. Enterprise development initiatives expanded during the year, benefiting fifty-four enterprises, while stakeholder engagement activities exceeded planned targets and further strengthened collaboration across government, industry and international partners.

The financial environment remained challenging throughout the reporting period. The continued decline in the natural diamond market, reduced production volumes and lower levy-derived revenue continued to place pressure on the financial sustainability of the organisation. During the year, management maintained strict expenditure controls and implemented several cost containment initiatives while continuing to prioritise core regulatory functions. The audited Annual Financial Statements reported a total revenue of R101.4 million, compared with R115.1 million in the previous year, and

total expenditure of R126.1 million, resulting in a deficit of R24.9 million. Cash and cash equivalents decreased from R48.7 million as of 31 March 2025 to R30.8 million as of 31 March 2026, while accumulated net assets declined to R32.5 million. The revenue shortfall was driven primarily by the continued depression in the diamond industry, which affected service-related revenue, together with the strong Rand against the US Dollar. The financial results reinforce the need to accelerate the organisation's Financial Sustainability Strategy and revenue diversification measures. Consequently the entity's future sustainability is uncertain as it may cease to be a going concern from the 2027/28 financial year. The DMPR has been engaged on several occasions regarding the financial constraints of the entity for immediate, short-term, support which includes review of the service and license fees.

Recognising the challenging fiscal environment, the SADPMR continued implementing its Financial Sustainability Strategy while developing what we termed the Schedule 3A Plus Model, which seeks to diversify revenue streams, modernise regulatory processes, strengthen digital service delivery and reduce long-term reliance on the national fiscus. These initiatives are intended to improve operational efficiency while ensuring the organisation remains financially sustainable without compromising its regulatory responsibilities.

The organisation continued to experience capacity constraints arising primarily from financial limitations, which affected the filling of critical vacancies and required careful prioritisation of resources. Despite these constraints, management ensured that essential regulatory, inspection, licensing, compliance and international obligations were fulfilled. The continued commitment and adaptability of employees enabled the organisation to sustain high levels of performance while maintaining appropriate governance standards.

Realizing the critical financial challenges during the year under review, the organisation focused on strengthening existing programmes through improved regulatory methodologies and evidence-based policy development. Several strategic initiatives were introduced, including the approval of new criteria for determining the economic cuttability of rough diamonds, revised diamond assortment guidelines, policy proposals to strengthen beneficiation and job creation, research supporting SMME development, and preparations for implementing the Schedule 3A Plus Model. These initiatives are expected to strengthen the competitiveness of South Africa's downstream diamond and precious metals industries while improving regulatory effectiveness.

Supply Chain Management continued to support the organisation's operational objectives through procurement processes aligned with the requirements of the Public Finance Management Act, Treasury Regulations and applicable procurement legislation. The organisation continued to process supplier payments within acceptable timeframes while maintaining procurement practices that promoted transformation and supported women-owned, youth-owned and SMME suppliers. During the year, spending on companies owned by historically disadvantaged individuals (Black people, Black women, Black designated group and youth) and amounted to 87% with a total value of R14.1 million.

The organisation maintained effective governance systems, internal controls and risk management processes throughout the reporting period. Internal governance structures continued to monitor compliance, financial management, audit action plans and organisational risks. The SADPMR achieved an unqualified audit opinion with no material findings for the 2025/26 financial year, representing a clean audit outcome. The audit outcome confirms that the Annual Financial Statements were not materially misstated and that the organisation sustained strong financial reporting and governance practices. Management nevertheless remains focused on strengthening internal controls, addressing identified control matters and ensuring that corrective actions are sustained, particularly in light of the organisation's material going concern uncertainties. Strengthened governance, financial prudence and consistent execution of strategic goals has indeed paid dividends in the form of the clean audit outcome.



Mr Cecil Khosa

Chief Executive Officer

Looking ahead, the SADPMR remains focused on restoring long-term financial sustainability while continuing to deliver on its legislative mandate. Priority will be given to implementing the revised Beneficiation Strategy, advancing the Schedule 3A Plus Model, expanding digital regulatory services, strengthening collaboration with law enforcement agencies to combat illicit trade, and improving support for beneficiation and enterprise development. The organisation will also continue engaging with the Executive Authority on long-term sustainability interventions necessary to preserve the effectiveness of South Africa's regulatory framework for the diamond and precious metals industries.

The final Annual Financial Statements confirms that the SADPMR remains a going concern, but with material uncertainties that may cast significant doubt on its ability to continue as a going concern beyond the assessment period. These uncertainties include dependence on transfers from the Department of Mineral and Petroleum Resources and National Treasury approval to retain accumulated cash surpluses, the continued depressed diamond industry, ongoing operating deficits, a largely fixed-cost structure and projected depletion of cash reserves by April 2027. The entity nevertheless concluded that preparation on a going-concern basis remains appropriate, taking into account confirmed government grant allocations over the MTEF period, ongoing cost-containment and cash-management measures, and the organisation's continued legislative mandate and expected support from the shareholder department. In addition, a contingent liability of R20.8 million relating to surplus funds remains subject to National Treasury approval. Subsequent to year-end, the SADPMR's R2.0 million insurance claim arising from the February 2026 flooding incident was approved and settled in April 2026.

On behalf of the Executive Management team, I extend my sincere appreciation to the Minister of Mineral and Petroleum Resources, the Board, the Department of Mineral and Petroleum Resources, our industry stakeholders, law enforcement partners, international partners, and every employee of the SADPMR for their professionalism, resilience and commitment during a particularly demanding year. Through our collective efforts, the organisation has continued to fulfil its statutory mandate while laying the foundation for a more sustainable, responsive and resilient regulator capable of supporting South Africa's diamond and precious metals industries into the future.

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm that:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines for the annual report as issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the relevant frameworks and guidelines issued by the National Treasury.

The Chief Executive Officer (CEO) is responsible for the preparation of the public entity's performance information and for the judgements made on this information.

The CEO is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the operations of the public entity for the financial year ended 31 March 2026.

Yours faithfully



Chief Executive Officer

Mr Cecil Khosa

27/08/2026



Chairperson of the Board

Mr Abiel Mngomezulu

27/08/2026

6. STRATEGIC OVERVIEW

6.1 VISION

To be a World-Class regulator of a transformed Diamond and Precious Metals industries

6.2 MISSION

To regulate and promote the diamonds and precious metals industries in the best interests of the people of South Africa by:

- Transforming the downstream diamond and precious metals industries.
- Ensuring equitable access to diamonds and precious metals resources.
- Promoting local beneficiation of diamonds and precious metals.
- Collaborating with the industry and other stakeholders.
- Enforcing compliance with legislation.

6.3 VALUES

- Excellence
- Transparency
- Teamwork
- Respect
- Integrity
- Accountability

7. LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE

The South African Diamond and Precious Metals Regulator (SADPMR) derives its constitutional mandate from Section 24, Section 25 and Section 195 of the Constitution of the Republic of South Africa, 1996, which collectively provide for:

- Environmentally responsible economic development;
- Lawful and transparent regulation of property and economic activity; and
- Public administration that is accountable, efficient and development oriented.

In this context, the SADPMR contributes to regulating the diamond and precious metals industries in ways that support economic transformation, protect national interests, and promote ethical trade practices.

LEGISLATIVE MANDATE

The SADPMR is established as a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended (PFMA), and reports to the Executive Authority, being the Minister of Mineral and Petroleum Resources.

The core legislative mandate of the SADPMR is derived primarily from the following Acts:

- **The Diamonds Act, 1986 (Act No. 56 of 1986), as amended.**
The Act provides for the regulation of the diamond industry in South Africa, including the licensing of diamond manufacturers, dealers and beneficiaries, as well as oversight of diamond trading to ensure transparency, traceability and compliance with national and international obligations.
- **The Precious Metals Act, 2005 (Act No. 37 of 2005)**
This Act establishes the legal framework for the acquisition, possession, smelting,

refining, beneficiation, use and disposal of precious metals. The SADPMR is mandated to administer licensing and regulatory oversight functions of the Precious Metals Act.

- **The Kimberly Process Certification Scheme (KPCS)**

In terms of South Africa's international obligations, the SADPMR enforces compliance with the Kimberly Process to prevent the trade in conflict diamonds and to promote responsible sourcing and export of diamonds.

In fulfilling its legislative mandate, the SADPMR performs functions including licensing, compliance monitoring, inspections, enforcement support and regulatory reporting within the diamond and precious metals value chain.

POLICY MANDATE

The SADPMR operates within broader government policy frameworks aimed at promoting inclusive economic growth, industrialisation and transformation. Key policy frameworks informing the entity's work include:

- The National Development Plan (NDP) 2030, particularly its focus on beneficiation, industrial development and ethical governance;
- The Mineral beneficiation policies, which seek to advance transformation and local value addition;
- Government policies relating to antimoney laundering, combatting illicit trade, and good governance in state institutions.

All mandates are executed in alignment with the SADPMR Strategic Plan and Annual Performance Plan, as approved by the Executive Authority and tabled in Parliament.

EXECUTIVE MANAGEMENT



Mr Cecil Khosa
Chief Executive Officer (CEO)



Ms Yalekile Lusibane
Chief Financial Officer



Mr Tebogo Motloutng
GM: Regulatory Compliance
& Acting GM: Trade

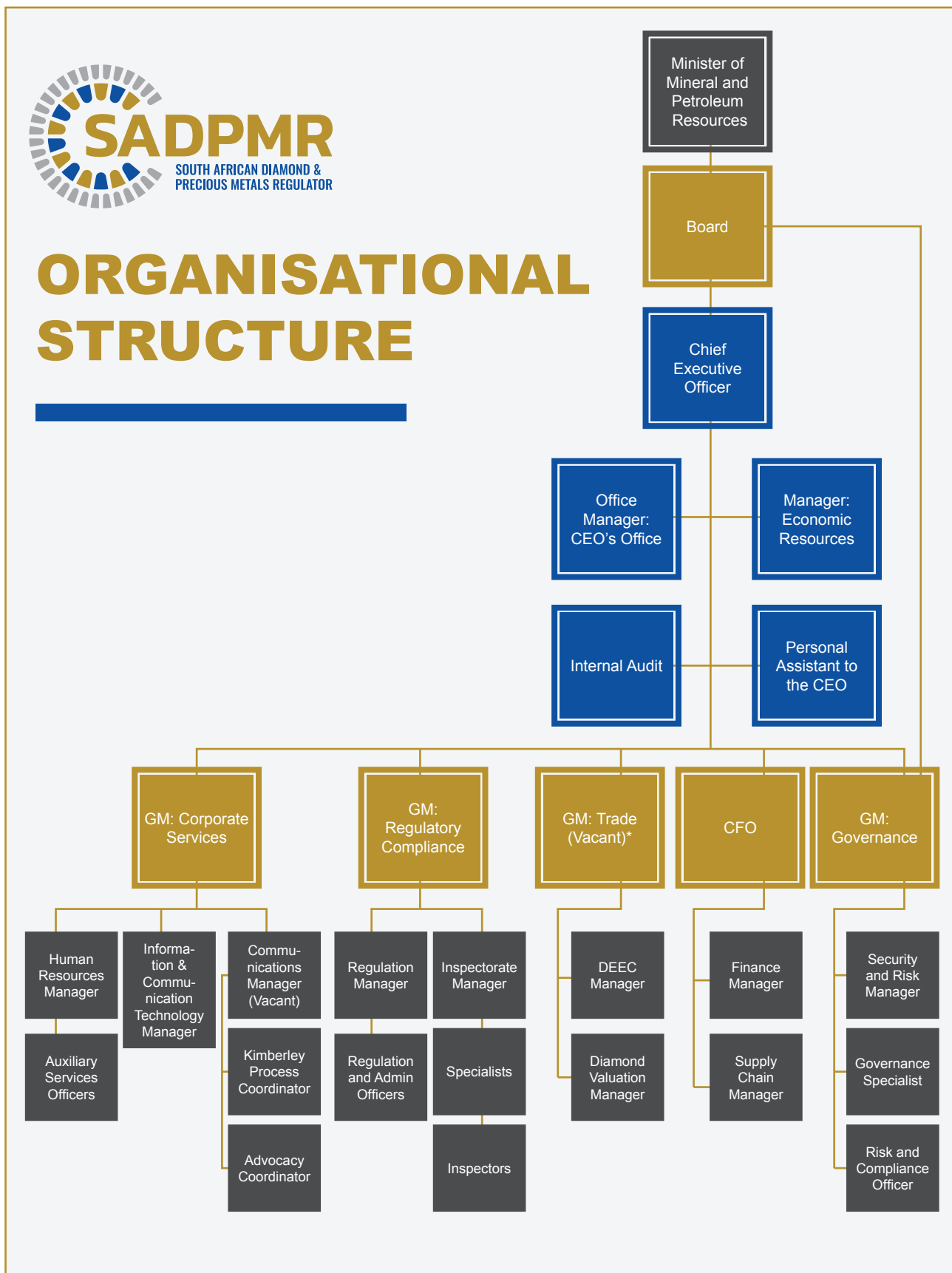


Ms Linda Nkhumishe
General Manager: Corporate
Services



Adv. Paul Motsepe
General Manager: Governance

8. ORGANISATIONAL STRUCTURE



B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to report material findings on the usefulness and reliability of the reported performance information against pre-determined objectives presented in the annual performance report. The audit conclusion on the

performance against pre-determined objectives is included in the report to management in the section on other legal and regulatory requirements of the auditor's report.

Refer to page 92 of the Report of the Auditors, published as Part F: Financial Information.



2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

For the fourth consecutive year, the SADPMR achieved its service delivery target by issuing 100% of licence applications within the legislated timeframes. This performance demonstrates the Regulator's commitment to providing efficient, responsive and accountable public services while maintaining the integrity of the licensing process. Achieving this target is significant for several reasons. Firstly, it provides certainty and predictability to applicants, allowing businesses to plan their operations and investments with confidence. Secondly, timely licensing contributes to economic activity by enabling participants in the diamond and precious metals industries to operate without avoidable administrative delays. Thirdly, adherence to legislated turnaround times reflects sound governance, effective internal processes and responsible stewardship of public resources. The sustained achievement of this target also supports the broader objectives of improving the ease of doing business, promoting regulatory certainty, and fostering compliance within the diamond and precious metals sectors. By delivering licensing services efficiently and consistently, the SADPMR continues to contribute to a well-regulated industry that supports economic growth, transformation and public trust.

Implementation of the SADPMR Beneficiation Strategy remained a key strategic priority during the year under review, with particular emphasis on strengthening the evidence-based implementation of regulations applicable to Section 26(h) permit holders who also hold diamond beneficiation licences. In support of this objective, the SADPMR Board approved the Criteria for Determining the Economic Viability of Rough Diamonds for Section 26(h) Exports. The Criteria are intended to:

- a. incorporate an economic viability assessment into the application of Regulation 2X(2) of the Diamond Regulations;
- b. enhance the competitiveness of South Africa's diamond beneficiation industry, particularly in light of the prolonged challenges facing the global diamond sector; and
- c. create an enabling environment for the achievement of the legislative objective of promoting the local beneficiation of the Republic's diamonds.

The implementation of these criteria will enable the SADPMR to assess applications for the export of locally produced rough diamonds by taking into account the

economic realities associated with the size, type, quality, and beneficiation costs of rough diamonds available in South Africa, relative to those in competing international cutting centres. This evidence-based framework will support informed, transparent, and consistent regulatory decision-making, while enhancing the competitiveness, sustainability, and long-term growth of South Africa's diamond beneficiation industry in alignment with the objectives of the Diamonds Act.

Entrepreneurs in the diamond and precious metals sectors continue to face challenges similar to those experienced across other industries, most notably limited access to markets and finance. These constraints are particularly acute for historically disadvantaged persons, including women and youth, who continue to encounter significant barriers to entry and growth.

Restricted access to funding and market opportunities not only limits entrepreneurial success but also hinders the fulfilment of the SADPMR's legislative mandate to promote the orderly development of the diamond and precious metals industries. In South Africa, where unemployment remains a pressing socio-economic challenge, entrepreneurship has the potential to stimulate economic participation and job creation. However, this potential can only be realised through improved access to finance and sustainable market opportunities.

Despite persistent funding constraints arising from the prolonged downturn in the diamond industry, the SADPMR, in collaboration with committed industry stakeholders, successfully facilitated the implementation of four (4) enterprise development initiatives during the year under review, an increase from three (3) initiatives in the previous financial year. While modest, this improvement reflects the resilience and continued commitment of both the regulator and industry partners to enterprise development. A cumulative total of fifty-four (54) enterprises benefited from these initiatives, reinforcing the regulator's commitment to promoting inclusive economic growth and sustainable entrepreneurship within the diamond and precious metals sector. The willingness of industry partners to provide both funding and practical business support underscores the strength of the collaborative approach to enterprise development and highlights its significant contribution to building resilient, competitive, and sustainable enterprises across the industry.

The year under review marked the second anniversary of the implementation of the Strategy to Combat Illicit Trade in Diamonds and Precious Metals.

Addressing economic crimes such as illegal mining, illicit trade in minerals, money laundering, and terrorist financing requires a coordinated, multi-agency approach involving law enforcement, regulatory authorities, and key government institutions, including South African Police Service (SAPS) and South African Revenue Services (SARS). The SADPMR remained an active participant in the National Coordination Strategic Management Team (NCSMT) which leads the government's coordinated response to illegal mining and the illicit trade and of precious metals. The SADPMR also continued its participation in the quarterly Designated Non-Financial Businesses and Professions (DNFBP) Forums, coordinated by Financial Intelligence Centre (FIC). These forums facilitate information sharing, strengthen inter-agency collaboration, and support the implementation of measures aimed at mitigating the risks of money laundering, terrorist financing, and proliferation financing. Collaboration between the SADPMR and other law enforcement and regulatory authorities remains a strategic priority, recognising that the diamond and precious metals sector is internationally identified as a high-risk industry for money laundering, terrorist financing, and proliferation financing. South Africa's removal from the Financial Action Task Force (FATF) Grey List has further reinforced the importance of sustained inter-agency cooperation. Maintaining this status requires continued vigilance, robust regulatory oversight, and the effective implementation of anti-money laundering and counter-terrorist financing (AML/CFT) measures. Through strengthened partnerships and coordinated enforcement efforts, SADPMR continues to support the integrity of the sector and contribute to South Africa's compliance with international standards.

The SADPMR identified trends indicative of potential illicit trade activities involving certain holders of precious metals refinery licences. In most instances, these licence holders reported sourcing precious metals from second-hand goods dealers, scrap metal dealers, or recyclers of controlled metals, all of which fall under the regulatory oversight of the SAPS.

As these entities are not regulated by the SADPMR, the Regulator is unable to independently verify the legitimacy of the reported sources of the precious metals. This presents a potential regulatory gap through which illegally obtained precious metals may be laundered under the guise of scrap or recycled material. To address this risk, the SADPMR initiated discussions with SAPS to establish a formal collaborative framework through a Draft Memorandum of Agreement (MoA). The proposed MoA is intended to strengthen cooperation between the two institutions and enhance information sharing to support

efforts aimed at combating illicit trade in precious metals. In the next financial year, we will be signing an MoA with the SAPS so that we can be able to verify the dealing in scrap metals. This will strengthen regulatory oversight and safeguarding the integrity of the precious metals value chain.

Additionally, as part of the Strategy to Combat Illicit Trade in Diamonds and Precious Metals, a total of fifteen (15) compliance audits were conducted on high-risk refinery licensees. These audits resulted in the cancellation of four (4) refinery licences. Two (2) licences were cancelled after the licensees relocated their operations without obtaining the requisite approval from the SADPMR, while the remaining two (2) were cancelled due to the procurement of precious metals from unlicensed suppliers. Although these findings relate directly to non-compliance with licensing requirements, they also point to broader risks associated with illicit trade in precious metals. Unauthorised relocation of operations and sourcing from unlicensed suppliers weaken regulatory oversight, compromise supply chain integrity, and may facilitate the movement and laundering of illicitly traded precious metals. The enforcement actions taken by the SADPMR demonstrate its commitment to strengthening regulatory compliance and disrupting activities that may contribute to the illicit precious metals trade.

One of the most significant and strategic mandates of the SADPMR is to promote equitable access to and promotion of beneficiation. Beneficiation helps South Africa maximise the value of its rich mineral resources by creating jobs, increasing export earnings, developing skills, supporting industrialisation, and promoting long-term economic growth rather than relying solely on the export of raw diamonds and precious metals. During the year under review, the SADPMR facilitated the allocation of 94,733.23 carats of rough diamond parcels for exclusive local beneficiation. These parcels were offered by Rooipoort Diamonds and Koffiefontein Diamonds, providing local beneficiaries with access to rough diamonds for domestic cutting and polishing.

In addition, the SADPMR managed to achieve its target of ensuring that 100% of export applications for precious metals meet the legislated requirement related to ensuring that provision has been made to meet local demand for beneficiation of unwrought and semi-fabricated precious metals as local demand may indicate, and that there are reasonable grounds to believe that such local demand will continue to be met for the period for which the consent to export is valid.

Despite this achievement, the SADPMR did not meet its annual target of increasing locally manufactured diamonds to 150 000 carats. Actual performance fell short of the target by 69 435 carats. The underperformance is attributable to several persistent challenges facing the diamond industry, including the prolonged downturn in the global diamond market, increasing competition from lab-grown diamonds, and the continued contraction of the local diamond beneficiation sector.

Looking ahead, the SADPMR anticipates improvements in the performance of the local beneficiation industry through the implementation of several strategic interventions. These include the refinement and implementation of improved diamond assortment guidelines and the rollout of the 3A Plus Model Project. A key component of the project is the promotion of South African diamonds and the enhancement of market access for locally polished diamonds, with the aim of strengthening the competitiveness and sustainability of the domestic beneficiation industry.

In addition to beneficiation-related interventions implemented in the period under review as indicated above, the SADPMR Board approved the Policy Proposals for Job Creation and Beneficiation Promotion in the Diamond and Precious Metals Industries which sets out targeted policy interventions to strengthen downstream value addition, expand market access, and stimulate sustainable employment across the value chain. The proposals present a set of practical, legally grounded, and implementable interventions aimed at unlocking the full economic value of South Africa's mineral resources, while promoting inclusive employment, industrial development, and sustainable growth across the diamond and precious metals value chain. Furthermore, the SADPMR Board approved the Report on the Promotion of SMME Beneficiated Products in the Diamond and Precious Metals Industries which focuses on enhancing the development, visibility, and competitiveness of Small, Medium and Micro Enterprises (SMMEs) engaged in beneficiation, with an emphasis on product development, branding, and access to markets. Both reports are intended for submission to the Beneficiation Economics Division of the Department of Mineral and Petroleum Resources as proposals to inform the future revision of the National Beneficiation Strategy. The reports will also inform the revision of the SADPMR's Beneficiation Strategy.

The SADPMR is mandated in terms of the Diamonds Act to verify and determine the Fair Market Value (FMV) of rough diamonds. The determination of FMV plays a critical role in safeguarding the integrity of the diamond industry by preventing the undervaluation of rough diamonds for export and taxation purposes, mitigating the risk of illegal

transfer pricing in intercompany diamond transactions, and promoting transparency, credibility, and stability in the diamond market through the application of values that reflect prevailing market conditions.

Diamond Trading House (DTH) tender results provide an important objective benchmark for assessing whether declared values are aligned with current market conditions. While these results are considered alongside other relevant valuation information, they constitute a valuable reference point in the FMV determination process. In recognition of the importance of tender results in enhancing valuation accuracy, the SADPMR, during the year under review, invoked the relevant provisions of the Diamonds Act to impose a licence condition requiring all licensed Diamond Trading Houses to submit their tender results on a monthly basis. This requirement became effective on 1 March 2026 and must be complied with using the prescribed reporting template. The mandatory submission of Diamond Trading House tender results is expected to strengthen SADPMR's capacity and efficiency in determining the Fair Market Value of rough diamonds, thereby enhancing regulatory oversight and supporting the integrity of the South African diamond industry.

To enhance efficiency, consistency, and transparency in the determination of FMV and the resolution of FMV-related disputes, the SADPMR published a notice setting out the core principles and accepted methodologies that guide FMV determinations by both the SADPMR and diamond producers. The notice established the following core principles for FMV determination:

- a. **Objectivity:** FMV determinations must be supported by quantifiable and verifiable data.
- b. **Consistency:** Accepted methodologies must be applied uniformly to comparable goods.
- c. **Transparency:** Assumptions, parameters, and data sources used in determining FMV must be documented and made available upon request.
- d. **Record-keeping:** All supporting data and working papers must be retained to facilitate verification and audit processes.

The notice further provides that producers may determine FMV using any of the following recognised methodologies:

- a. Yield-Based Approach (YBA);
- b. Value-Based Approach (VBA); or
- c. Any other recognised and appropriate valuation methodology.

To strengthen the FMV dispute resolution process, the notice also introduced guiding principles to ensure disputes are resolved in a fair, transparent, and timely manner. These principles require that:

- a. **Fairness:** Both parties are afforded an equal opportunity to present their valuation rationale and supporting evidence.
- b. **Transparency:** All valuation assumptions, inputs, and methodologies are fully disclosed and documented.
- c. **Consistency:** Valuations are assessed in accordance with recognised FMV determination methodologies.
- d. **Timeliness:** Dispute resolution processes are concluded within the prescribed timeframes.

Over the past two years, the SADPMR observed a deterioration in the assortment practices applied to rough diamonds offered through the Diamond Exchange and Export Centre (DEEC). In certain instances, the manner in which diamond parcels were structured undermined the objectives of equitable access and local beneficiation. These practices included the artificial inflation of parcel values, combining high-value or high-demand diamonds with lower-value goods solely to discourage local purchases, and reserving premium-quality diamonds primarily for export markets. To address these concerns, the Board of the SADPMR exercised its authority under regulation 11(11) of the Diamonds Regulations by granting concurrence for the imposition of additional conditions governing the assortment of diamonds offered at the DEEC. These conditions are intended to ensure that the assortment of rough diamonds supports meaningful access for local buyers, promotes fair trading practices, and advances the legislative objectives of equitable access and local beneficiation. The additional conditions were subsequently communicated to stakeholders across the diamond industry.

Notwithstanding the implementation of the new assortment guidelines, and in recognition of the prolonged economic headwinds that have adversely affected the global diamond industry for more than three years, the SADPMR continues to engage with industry stakeholders to ensure that the new dispensation achieves an appropriate balance between promoting equitable access to diamonds, supporting the growth of the local diamond beneficiation industry, and safeguarding the long-term sustainability of the sector. These engagements seek to ensure that the regulatory framework remains responsive to prevailing market conditions while advancing the objectives of transformation and industry resilience.

The SADPMR continued to play a pivotal role in KP-related activities through its delegated responsibility as the focal point for KPCS on behalf of the DMPR. A significant milestone was achieved during the Kimberley Process Intersessional Meeting, held in the United Arab Emirates from 12 to 16 May 2025. At the Special Plenary, the Administration Decision developed by the Sub-Team on Technical Assistance and Development of Diamond Communities, chaired by South Africa, was formally adopted. In addition, the Guidelines on Technical Assistance and Development of Diamond Communities were also adopted. The adoption of both the Administration Decision and the accompanying Guidelines represents a notable achievement for South Africa within the Kimberley Process. By leading the development of these important instruments, South Africa demonstrated its commitment to strengthening the Kimberley Process and reaffirmed its leadership role in promoting sustainable development within the global diamond sector. These outcomes provide a structured framework for enhancing technical assistance and supporting the socio-economic development of diamond-producing communities, while further strengthening South Africa's influence and contribution to the objectives of the Kimberley Process.

The South African diamond industry continued to face significant structural challenges during the reporting period. The provisional liquidation of Ekapa Minerals further constrained the domestic supply of rough diamonds available for local beneficiation through the DEEC. During the year under review, the DEEC processed approximately 3.7 million carats of rough diamonds, valued at US\$608 million, compared to 4.7 million carats valued at approximately US\$663 million in the previous financial year. This represents a decline of approximately 21% in volume and 8% in value, reflecting the reduced availability of rough diamonds for local traders and beneficiaries through the DEEC. The decrease underscores the ongoing supply constraints facing the domestic diamond beneficiation industry. As at 31 March 2026, Finsch Mine remained operational but continued to face significant financial and operational challenges. The mine's production is predominantly comprised of smaller diamonds, a market segment that has remained under sustained price pressure amid the prolonged weakness in the natural diamond market. Should these market conditions persist, they are likely to place further pressure on the supply of rough diamonds through the DEEC in the medium term.

2.2 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The 2025/2026 year highlighted the urgent need to revise the current internal, industry-specific Beneficiation Strategy, which has become obsolete in light of the dynamic economic, regulatory, and systemic changes occurring in the diamonds and precious metals sector. In response, two key policy-influencing documents were developed to underpin the formulation of a new, modernised Beneficiation Strategy to strengthen industry sustainability and growth. The documents identify critical performance areas and strategic interventions that will be tabled to the DMPR for consideration. Thereafter, an industry-wide stakeholder workshop will be convened to solicit input and ensure alignment prior to the publication of the final draft strategy. The revised Beneficiation Strategy is expected to support greater sector resilience, competitiveness, and inclusive growth by the end of the 2026/27 financial year.

Furthermore, the roll-out of the Schedule 3A Plus model during the 2026/27 financial year is considered a strategic intervention to enhance the long-term financial sustainability, operational efficiency, and institutional resilience of the SADPMR. The model seeks to strengthen the Regulator's capacity to effectively execute its regulatory and compliance mandate within an increasingly complex and evolving downstream diamonds and precious metals industry. Key focus areas of the model include the review and diversification of revenue streams, the modernisation and digitisation of licensing and regulatory processes, enhanced compliance and inspection mechanisms, improved stakeholder and industry support services, and the optimisation of internal governance and operational systems. The implementation of the Schedule 3A Plus model is expected to position the SADPMR to operate more sustainably, reduce reliance on the national fiscus, and improve its ability to support industry growth, transformation, and investor confidence within the sector.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 PROGRAMME 1: ADMINISTRATION

Purpose: To provide efficient administrative support by ensuring that Human Resources (HR) Management, Communication and Information and Communications Technology services are effectively operational and

always maintained, while being responsive to the needs and aspirations of the SADPMR's stakeholders.

The following are Sub-programmes: Finance and Supply Chain Management, Human Resources, Communication, Information Communication and Technology, Legal Services, Security Risk Management, Corporate Governance and the CEO's office.

SUB PROGRAMME: FINANCE

Purpose: To provide effective financial management and supply chain management support services.

Highlights: The focus of the sub-programme was to enhance its control environment within Finance and Supply Chain Management, providing effective support to the core business and other branches, as well as improving the audit outcome in the 2025/26 financial year. The requirements of the PFMA, the Treasury Regulations, and other laws governing procurement and financial management were adhered to. A clean audit outcome for the 2025/26 financial was obtained by the entity which is an improvement from the previous financial year. Payments to service providers were made within an average of 19 days and 95% of the debtors' accounts collected. Bids in the approved Procurement Plan were finalised for the financial year 2025/26 within 45 days. 87% of the entity's total spending on goods and services was to companies owned by Black people, Black women, youth and Black designated group.

SUB PROGRAMME: HUMAN RESOURCE MANAGEMENT

Purpose: To maximise the productivity of the entity by optimising the effectiveness of its employees.

Highlights: During the year under review, HR priorities focused on strengthening staff development, enhancing workforce planning, and promoting employee wellness, all of which contributed positively to operational efficiency and morale despite financial constraints.

The SADPMR's Skills development strategies are to attract and retain skilled professionals through internships, targeted training, and partnerships with institutions such as the Mining Qualifications Authority (MQA) and the National School of Government (NSG). The performance management framework emphasised accountability and continuous improvement, ensuring that employee contributions were aligned with organisational goals.

Employee wellness remained a key priority, supported through programmes delivered by an appointed service provider.

This commitment was particularly evident during periods when SADPMR staff faced bereavements, health concerns, relationship difficulties, and legal or financial challenges. With regards to development of employees the AGSA, Finance and Accounting Services Sector Education and Training Authority (FASSET) provided funding for female employees to participate in the Executive Development Programme, with one senior manager enrolled in a twelve-month programme at DUKE Corporate Education. During the year under review key achievements included the successful completion of the Workplace Coach programme by nominated persons. Further notable accomplishments included several staff members completing Master's degrees, with one in Programme 1 and three in Programme 3, which were honoured during the annual award ceremony.

SUBPROGRAMME: COMMUNICATION

Purpose: To strategically position the SADPMR through effective communication that enhances brand equity, strengthens stakeholder relations and drives public awareness of its mandate and impact

Highlights: The Division delivered 45 strategic communication initiatives to strengthen organisational visibility, stakeholder alignment, and sector engagement across bilateral and multilateral platforms.

- Advanced high-level stakeholder relations through engagements with the Minister of Mineral and Petroleum Resources and participation in key industry events.
- Strengthened regional and international collaboration by hosting a Namibian delegation to benchmark South Africa's diamond industry and policy frameworks.
- Drove transformation and inclusivity through targeted outreach initiatives, including a first-of-its-kind school tour programme and engagement with learners with disabilities.
- Expanded stakeholder footprint across key provinces to enhance partnerships and collaboration within the sector.
- Received external recognition for contributing to the fight against gender-based violence.
- Demonstrated global leadership in the Kimberley Process by leading the Sub-Group on Technical Assistance and Development of Diamond Communities, securing key administrative decisions.
- Reinforced South Africa's influence in the Kimberley Process through its roles as Chair of the Working Group on Monitoring and Vice-Chair of the Working Group of Diamond Experts, strengthening compliance and oversight.

SUB-PROGRAMME: INFORMATION COMMUNICATION AND TECHNOLOGY

Purpose: To align the ICT strategy and automation of business processes with the business strategy.

Highlights: The ICT sub-programme remains committed to continuous improvement and supporting the SADPMR's mandate through innovative, secure, and sustainable technology solutions. The ICT played a critical role in strengthening service delivery within the SADPMR by advancing strategic digital transformation initiatives aligned to the organisation's goal of achieving a paperless working environment.

During the year under review significant progress was made in the design, development, and implementation of core digital modules to improve operational efficiency and accessibility to the entity's services.

The enhanced Online Licence application, Online Diamond and Precious Metals Registers and Petty Cash Card System will streamline internal processes, reduce manual interventions, and enhance turnaround times for key services.

ICT security protocols were substantially strengthened to safeguard the organisation's digital environment. This included reinforcing controls, improving system monitoring, and ensuring alignment with best-practice security standards to mitigate cyber and operational risks.

ICT continued to implement the ICT Governance Framework to enhance accountability, compliance, and strategic decision-making. The framework supports effective oversight of ICT initiatives, ensures alignment with organisational objectives, and promotes responsible management of ICT resources.



SUB-PROGRAMME: LEGAL SERVICES

Purpose: The purpose of this programme is to strengthen governance, ensure full compliance with legislative and regulatory frameworks, and enhance organisational capacity through efficient administrative, human resource, and legal support functions. A key focus of the programme is to provide timely, reliable, and strategic legal services to the Regulator, including legal advice, contract management, and litigation risk mitigation, thereby safeguarding the institution against legal exposure and supporting sound decision-making.

Highlights: The Legal Services function has performed exceptionally well in safeguarding the SADPMR's litigation risk. Through proactive legal oversight, effective contract management, and early dispute resolution mechanisms, the entity has successfully minimised exposure to litigation. As a result of these interventions, litigation cases have been reduced to an absolute minimum. To date, the SADPMR has only one (1) active labour litigation matter, which remains *sub judice* before the Labour Court. The unit has consistently maintained a 100% turnaround time for legal opinions, advice, and contract vetting within prescribed timelines. Legal Services has continued to play a strategic advisory role, ensuring compliance with applicable legislation, internal policies, and governance frameworks.

SUB-PROGRAMME: SECURITY RISK MANAGEMENT

Purpose: To implement the Minimum Information Security Standards (MISS), Minimum Physical Security Standards (MPSS), National Vetting Strategy (NVS), and relevant pieces of legislation.

Highlights: The Security Risk Management Division continued to implement the provisions of the National Vetting Strategy (NVS), Minimum Information Security Standard (MISS), and Minimum Physical Security Standards (MPSS).

During the 2025/2026 year the Security Risk Management Division Collaboration with the State Security Agency managed to achieve the mandate for compliance.

SUB-PROGRAMME: CORPORATE GOVERNANCE

Purpose: To provide advice to the Board on compliance with the application of relevant legislation, training and development, and administrative support.

Highlights: The SADPMR Board was appointed on the 20th of September 2024. They have approved the Strategic

Plan (2025-2030), Budget and Annual Performance Plan (2026/27), and submitted all required quarterly reports to the shareholder (DMPR). The Board also submitted the 2024/2025 Annual Report as stipulated in Section 55 of the PFMA.

SUB-PROGRAMME: CEO'S OFFICE

Purpose: To provide strategic leadership, coordination, and oversight in advancing the organisation's mandate. This includes driving policy development, strengthening stakeholder partnerships across government, industry, and international platforms, and positioning South Africa as a leader in beneficiation, responsible mineral governance, and sector transformation. Furthermore, to provide service delivery programmes and the use of statistics in the diamond and precious metals sectors, as well as to conduct economic, policy, and market research on matters related to diamonds and precious metals and their products. The Office of the CEO also provides administrative support of the Internal Audit function, which is responsible for delivering independent and objective assurance and advisory services to improve organisational governance, risk management, internal controls, compliance, and operational effectiveness in support of the organisation's strategic objectives.

Highlights: The CEO's Office Division delivered a strong performance in Financial Year (FY) 2025/26, achieving all annual targets and key strategic outputs. Notable highlights include the completion of two research reports outlining policy proposals to advance job creation, strengthen local beneficiation, and promote locally beneficiated products from SMMEs. In addition, the Division developed a financial sustainability model to support the organisation's long-term viability.

The Division further strengthened stakeholder management through sustained engagement with key industry organisations and leaders, fostering collaboration and alignment on strategic priorities. As the national focal point, the Division actively participated in the Kimberley Process Certification Scheme (KPCS) and the African Diamond Producers Association (ADPA), contributing to policy discourse and reinforcing South Africa's leadership within the global and regional diamond sectors.

The Division also maintained continuous support and a strategic presence at the Mining Indaba, leveraging the platform to advance partnerships, promote beneficiation, and position the organisation within the broader minerals value chain.

Key stakeholder engagements and initiatives during the period included: hosting delegations from the European Union (EU) and G7 countries on the Nodal framework in South Africa, strengthening international cooperation and positioning the country as a credible and capable partner in responsible mineral governance. Further, facilitating Ministerial engagement with the diamond producers' industry on the ratification of the Luanda Accord, supporting alignment between government and industry on continental beneficiation and market development objectives. We also convened a strategic stakeholder engagement with Statistics South Africa, Brand South Africa, and Proudly South African to enhance collaboration

on data alignment, national branding, and the promotion of locally produced goods. We also participated in the Jewellux Business Breakfast, strengthening industry relationships and contributing to discussions on sector growth and market opportunities. Further, we represented South Africa at the Kimberley Process Plenary, contributing to global governance discussions on conflict-free diamond trade and compliance.

Collectively, these engagements reinforced the organisation's strategic positioning, strengthened partnerships across domestic and international stakeholders, and advanced South Africa's beneficiation and industrialisation agenda.

SUB PROGRAMMES AND INSTITUTIONAL OUTCOMES

PROGRAMME 1: ADMINISTRATION	
SUB-PROGRAMMES	OUTCOMES
Finance Management	An effective, efficient, developmental, and innovative-oriented regulator.
Human Resource Management	
Communication	
Information and Communications Technology	
Security and Risk Management	
Legal Services	
Internal Audit	
Corporate Governance	
CEO'S Office	

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION AND COMMUNICATION TECHNOLOGY, COMMUNICATIONS, CORPORATE GOVERNANCE, CEO'S OFFICE, ANNUAL PERFORMANCE PLAN (APP)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/24	AUDITED ACTUAL PERFORMANCE 2024/25	PLANNED ANNUAL TARGET 2025/26	AUDITED ACTUAL PERFORMANCE 2025/26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/26	REASONS FOR DEVIATIONS
Enterprise and Supplier development	Percentage of total spending on HDI-owned suppliers.	N/A	N/A	30	87	57	Exceeded because there were more service providers owned by women and black people currently rendering services to the entity.
Developed Human Resources	Number of employees skills development initiatives implemented	N/A	N/A	5	23	18	Exceeded due to taking up NSG free online training as well as MQA funding for Workplace Coach Training.
	Percentage of Performance Management Development System implemented	N/A	100	100	100	-	Achieved as Planned
Promoted SADPMR and its services	Number of stakeholders engagements, events and activities conducted	31	31	35	45	10	Exceeded due to additional requests for stakeholder engagements as well as improved collaboration with key stakeholders

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/24	AUDITED ACTUAL PERFORMANCE 2024/25	PLANNED ANNUAL TARGET 2025/26	AUDITED ACTUAL PERFORMANCE 2025/26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/26	REASONS FOR DEVIATIONS
Developed business applications	Number of online Applications developed	3	3	3 online applications developed	3online applications developed	-	Achieved as Planned
Ensured security of assets of SADPMR and that of diamonds traded at DEEC	Number of Security Risk Mitigation Measures implemented	N/A	5	5	5	-	
	Number of security breaches	N/A	nil	nil	nil	-	
Provided effective and efficient legal support to the SADPMR	Percentage of referred matters addressed within 15 days	100	100	100	100	-	
Ensured sound Corporate Governance	Audit outcomes	N/A	Unqualified with no material findings	Unqualified with no material findings	Unqualified with material findings	Unqualified with material findings	Not Achieved: Corrective measures have been implemented.
	Number of repeat audit findings	N/A	nil	nil	-	2	Not Achieved: The errors could not be resolved in time for submission of AFS, the finding relates to 3 items which include servers that have lived longer than useful lives. These are the only assets that had R0.00 balances. Manual Adjustments were done during the audit and the finding was resolved. Remedy: Reassessment of useful lives of assets will be conducted as early as February to avoid delays. Related party – this was an omission on reconciliation of the disclosure note. Remedy: Quarterly reconciliations to be undertaken.
Ensured Financial Sustainability of the SADPMR	Quarterly (4) Financial Sustainability Strategy Implementation Progress Reports.	100% KPI's implemented	100% KPI's implemented	100% KPI's implemented	100% KPI's implemented	-	Achieved as planned

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/24	AUDITED ACTUAL PERFORMANCE 2024/25	PLANNED ANNUAL TARGET 2025/26	AUDITED ACTUAL PERFORMANCE 2025/26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/26	REASONS FOR DEVIATIONS
Promotion of Job Creation in Diamond and Precious Metals Industries	Policy or Legislative Proposal to promote job creation in the Diamond and Precious Metals Industries approved by the Board and shared with the DMPR.	N/A	N/A	Approved policy or legislative proposal	Approved policy or legislative proposal and forwarded to DMPR for processing	-	Achieved as planned
Promotion of Beneficiation of Diamonds and Precious Metals in South Africa	Policy or Legislative Proposals to promote local beneficiation in the Diamond and Precious Metals Industries approved by the Board and shared with the DMPR	N/A	N/A	Approved policy or legislative proposal	Approved policy or legislative proposal and forwarded to DMPR for processing	-	
	Report on the promotion of SMME-beneficiated products in the Diamond and Precious Metals Industries	N/A	N/A	Report developed	Report developed and approved by the CEO	-	Achieved as planned
Projects to promote Diamond and Precious Metals Industries-based Investment in Tourism.	Research on establishing platform for diamond and jewellery marketing	N/A	N/A	Approved Research Report	Approved Research Report	-	
	Research report with recommendations on establishing phygital (physical & Digital) facilities/ platforms for diamond and jewellery marketing aimed at tourists	N/A	N/A	Approved Research report with recommendations on establishing phygital facilities/ platforms for diamond and jewellery marketing aimed at tourists	Approved Research report with recommendations	-	

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Reassessment of useful lives of assets will be conducted as early as February to avoid delays. Quarterly reconciliations will be undertaken.

3.2 PROGRAMME 2: TRADE

The following are Sub-Programmes: Diamond Exchange and Export Centre and Diamond Valuation

3.2.1 SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

Purpose: The Diamond Exchange and Export Centre (DEEC) is responsible for the facilitation of the buying, selling, exporting and importing of diamonds in the country.

Highlights: The key highlight for the 2025/2026 financial year was enhanced operational flexibility, which allowed the use of the State Diamond Trader as an alternative approved premises to ensure uninterrupted trade during disaster recovery. The DEEC continued to deliver services efficiently while expanding support to its clients, maintaining a strong focus on accessibility and compliance. Initiatives such as the introduction of parcel assortments contributed to increased participation by diamond beneficiaries and dealers. The DEEC also maintained high security standards, recording zero losses of clients' diamonds, thereby sustaining stakeholder confidence.

Furthermore, there was an overachievement in the number of new diamond dealers accessing the DEEC, driven by improved access to trading opportunities and targeted industry support.

3.2.2 SUB-PROGRAMME DIAMOND VALUATOR (DV)

Purpose: To ensure that diamonds are traded at fair market value.

Highlights: Diamond Valuator (DV) valued 5.6 million carats during this financial year, up from 5.2 million carats, reflecting an increase given the tight market. The diamond value also increased in the current year to \$634 456 634.38 from \$604 105 751.75 the previous year. The increase is attributed to the Blue diamond found in January 2026 by the Cullinan Mines.

During the current financial year, the DV offered training in rough diamond valuation to 10 new diamond licensees. The group consisted of four women and six men (youth). The initiative will enhance their knowledge of diamond valuation skills, which include sorting, pricing and how to use the Sarine machine, adding value to their businesses.

3.2.3 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENT

PROGRAMME 2: TRADE	
SUB-PROGRAMMES	OUTCOMES
Diamond Exchange and Export Center	Transformed diamond industry
Diamond Valuator	Competitive and compliant diamond and precious metals industries. Job creation, skills development, value addition to diamond and precious metals industries.



OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/24	AUDITED ACTUAL PERFORMANCE 2024/25	PLANNED ANNUAL TARGET 2025/26	AUDITED ACTUAL PERFORMANCE 2025/26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/26	REASONS FOR DEPARTURE
OUTCOME: Sustainable economic growth through local minerals beneficiation and skills development							
Trained new entrants in diamond planning, marking, sorting, valuation, and pricing	Number of trained new entrants in the diamond industry.	6	10	9	10	1	Exceeded due to the interest of licensees that needed to be trained.
OUTCOME: competitive and compliant diamond and precious metals industries							
Verify the fair market value of diamonds traded	Percentage of diamond verified for fair market value	100	100	100	100	-	Achieved as planned
Detected an undisclosed polished synthetic diamond	Percentage of polished diamonds verified (to confirm they are not synthetic)	100	100	100	100	-	
Verified rough melee diamonds to detect any undisclosed synthetic diamonds.	Percentage of melee rough diamonds submitted at DEEC subjected synthetic detection	N/A	N/A	3	3	-	
Enhanced South African Diamond Tender System	Proposal on technology and best practice-informed improvement to the South African Diamond Tender System	N/A	N/A	Approved report with recommendations	CEO approved the report with recommendations	-	
Designated rough diamonds parcels for Exclusive Local Beneficiators	Total caratage of diamond allocated for Exclusive local Beneficiators	N/A	N/A	250	94 733.23	94 483.23	Exceeded due to Rooipoort and Koffie Diamonds that were submitted in February 2026 specifically to Diamond Beneficiators
Ensure KPCS compliance	100% KPC compliance	5	5	100%	100%	-	Achieved as planned
Ensured equitable access of diamonds in the DEEC	Number of Beneficiators accessing the DEEC for the first time	8	10	10	8	2	<p>Not achieved: Due to the number of special tenders accessible to diamond beneficiaries that were cancelled by some diamond producers in Q3, also depressed diamond market which has decimated diamond cutting profitability margins in most diamond categories and drastically reduced polished diamonds demands.</p> <p>Remedy: DEEC will continuously engage internally with the Regulation division to get contact details of new Beneficiators. New Beneficiators will be directly contacted for workshops without depending on an online booking system.</p>

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/24	AUDITED ACTUAL PERFORMANCE 2024/25	PLANNED ANNUAL TARGET 2025/26	AUDITED ACTUAL PERFORMANCE 2025/26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/26	REASONS FOR DEPARTURE
Ensured equitable access of diamonds in the DEEC	Number of dealers accessing the DEEC for the first time	N/A	22	5	21	-	Exceeded due to the increase in small producer diamond tenders which attracted new dealers' interest.
	Advocacy for the Developmental Aspect Aspects of the Kimberley Process	Effectiveness of Participation Relating to Advocacy for the Developmental Aspect of the Kimberley Process	N/A	Effective participation in Development related KP Working Group, Committee, or Subcommittee	Effective participation in Development related KP Working Group, Committee, or Subcommittee	-	Achieved as planned
Promotion of the Common Africa Vision via ADPA membership	Approved South Africa's position paper on an international standard or trade matter pertaining to diamonds or precious metals	CEO-approved South Africa position paper on International Responsible Sourcing Standard for precious metals	N/A	Approved South Africa position paper on the International Responsible Sourcing Standard for precious metals	CEO-approved South Africa position paper on International Responsible Sourcing Standard for precious metals	-	

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The indicator for diamond beneficiaries was not achieved, and there is an internal plan that is aligned with the Regulations Division for new applicants.

SUB-PROGRAMME: DIAMOND VALUATION (DV)

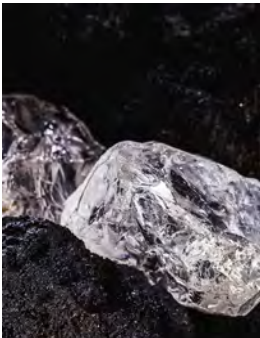
The DV provides valuation services for diamond exports, imports, and production, as offered to the State Diamond Trader (SDT) by producers under the Diamonds Act, to ensure that diamonds are traded at fair market value. The other function of the DV is to provide technical and expert opinions on diamonds in criminal investigations and judicial proceedings. In 2025/26, production showed minor growth because of various factors, but overall, the industry is still depressed. The increase was mainly due to the contribution of two mines that had not been in operation for four years for financial and technical reasons.

The Dollar value was enhanced by the rare blue stone that was found in January 2026.

New entrants to the Industry continued to be equipped by the diamond valuers, and relevant diamond valuation skills were imparted to ten new Licensees. This transforms our new Licensees so that they can confidently participate in buying, selling and manufacturing of diamonds. An assessment of the progress of those who were trained in previous years was made, and the results showed that the capital to buy diamonds remains a major challenge.

There is an increase of 4% in carats in 2025/2026 compared to the previous year, as aligned to the KP production reporting. There is a decrease in the \$value of -11% in 2025/2026 compared to 2024/2025. The decrease was attributed to the low value received in November 2024/2025.

Table 1. Five years overview of diamond production as aligned with KP

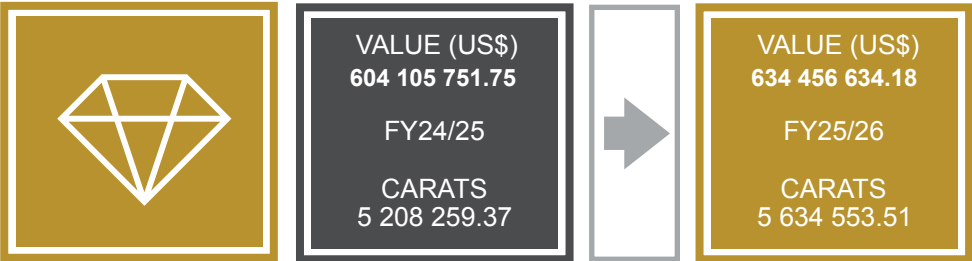
	PRODUCTION			
	 PERIOD	 VOLUME (CTS)	 VALUE (US\$)	 US\$/CTS
	2025	5 572 541.71	598 631 239.26	107.40
	2024	5 340 219.00	662 351 549.00	124
	2023	5 895 945.00	807 744 465.00	137
	2022	9 646 300.00	1 538 930 037.97	159.53
	2021	9 717 641.00	1 359 667 615.24	139.92

OVERVIEW OF DIAMOND PRODUCTION

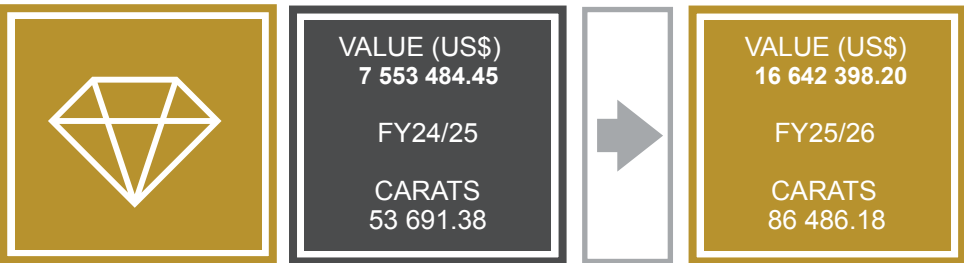
There was a 7.5% increase in carats in 2025/2026 compared to 2024/2025. The increase was attributed to two mines that were not in operation for a long time but contributed to their production in February 2026. The US dollar value also increased by 4.7% due to the Blue stone from the Cullinan mine, which contributed to January 2026 production. Although there is an insignificant increase, March 2026 production declined due to the liquidation of Ekapa Minerals.

Table 2. Overview of Diamond production

Diamond production presented to the SDT



10% purchased by the SDT



DIAMONDS AND NON-DIAMONDS VALUED BY DV ON BEHALF OF SAPS IN 2025/2026

SAPS presented confiscated exhibits for identification and valuation to the Diamond Valuator. Of a total of 1 440 objects confiscated by the SAPS and presented to the SADPMR for verification in the year 2025/2026, 290 were found to be non-diamonds and 1 150 objects were found to be diamonds, weighing a total of 276.04 carats valued at R 4 543 743.40. Gauteng Province had 20 objects, of which 16 objects were found to be diamonds of 30.47 carats, valued at R 4 191 093.00. The high value for 16 diamonds was attributed to the good quality. Northern Cape Province showed a high number of objects: 1 155 of which 1 134 were found to be diamonds of 245.57 carats of the value of R 352 650.40. The low value of high-carat diamonds was due to their low quality.

SAPS requested SADPMR to facilitate a diamond tender on their behalf for state diamonds of 809.27 carats, valued at US \$ 34 886.80, in August 2025.

Table 3. Diamonds and non-diamonds valued by DV on behalf of SAPS in 2025/26

PROVINCE	EXHIBITS					TOTALS				
	2025/ 26	 DIAMONDS	 NON-DIAMONDS	 CARATS	 VALUE (ZAR)	2024/ 25	 DIAMONDS	 NON-DIAMONDS	 CARATS	 VALUE (ZAR)
GAUTENG	20	16	4	30.47	4 191 093.00	55	26	29	15.76	205 870.00
FREE STATE	256	0	256	0	0	9	8	1	30.64	762384
NORTHERN CAPE	1155	1134	21	245.57	352 650.40	11253	11183	70	3003.27	14 252 579.00
EASTERN CAPE	0	0	0	0	0	0	0	0	0	0
NORTH WEST	0	0	0	0	0.00	12	0	12	0	0.00
MPUMALANGA	0	0	0	0	0	0	0	0	0	0
KWAZULU-NATAL	0	0	0	0	0	0	0	0	0	0
WESTERN CAPE	9	0	9	0	0.00	26	3	23	4.63	33 464.00
LIMPOPO	0	0	0	0	0	0	0	0	0	0
TOTAL	1440	1150	290	276.04	4 543 743.40	11355	11220	135	3054.3	15 254 297.00

ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

The number of Diamond Beneficiators who accessed DEEC services declined from 111 to 90 during the 2025/2026 financial year due to the depressed global diamond market.

Diamond beneficiaries accessing the DEEC service in the past five years, 2025/26 to 2021/22.

2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
90	111	127	133	108

The number of clients accessing DEEC services decreased from 2,460 in the 2024/2025 financial year to 2,071 in 2025/2026 due to the depressed diamond market. Despite the affected global market.

Clients accessing the DEEC services in the past five years, 2025/26 to 2021/22.

2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
2 071	2 460	2 351	2 784	1 684

ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

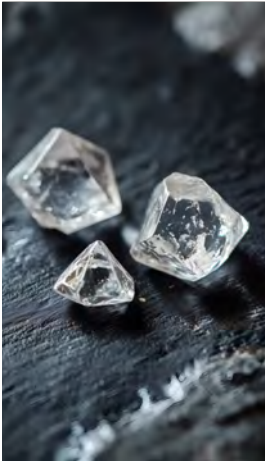
The 2025/2026 financial year reflected a downturn in diamond trade performance.

Table 4 presents a comparative analysis of rough diamond tender activities facilitated at the DEEC between the 2025/2026 and 2024/2025 financial years. During the 2025/2026 FY, the DEEC received approximately 3.7 million carats valued at US\$608 million. This represents a notable decline in both volume and value compared to the previous financial year, which recorded 4.7 million carats valued at approximately US\$663 million. Of the total volume received, 25 930 carats were sold locally, while the remaining 3.5 million carats qualified for export in compliance with the requirements of the Kimberley Process Certification Scheme.

The overall decline in both volume and value is largely attributable to prevailing global economic pressures affecting the diamond market.

It should be noted that the figures presented in Table 4 below are for the SADPMR financial year 2025/2026 (April 2025 to March 2026). KPCS reporting is a calendar year which is (January 2025 to December 2025). Furthermore, the KPCS report includes diamond exports falling under Section 74, which are exempted from the DEEC tender activities

Table 4. Rough Diamond Trade Activities at the DEEC 2025/26 vs 2024/25.

			FY 2025/2026	FY 2024/2025
		Total carats received	3 797 057.04	4 799 297.38
		Total US\$ value received	608 795 064.18	663 028 170.32
		Total carats sold	25 930.79	1 135 044.65
		Total carats qualified for export	3 572 182.34	3 661 962.60
		Total US\$ value sold	16 181 076.84	121 749 108.34
		Total US\$ qualified for export	594 857 963.60	546 507 114.63
	TOTAL	Total carats withdrawn	198 943.91	2 290.13

ROUGH DIAMOND EXPORTS: JANUARY TO DECEMBER 2025

ROUGH DIAMOND EXPORTS

In 2025, South Africa traded rough diamonds with 12 Kimberley Process Participants, exporting 7 million carats valued at US\$804 million. Compared to 2024, export volumes increased by approximately 15%, rising from 6.07 million carats to 7 million carats. However, despite the higher volume, total export value declined sharply by about 48%, falling from US\$1.54 billion in 2024 to US\$804 million in 2025.

Rough diamond exports were highly concentrated among three Kimberley Process (KP) participants: the United Arab Emirates, Botswana, and the European Union. The United Arab Emirates was the largest destination, accounting for 45.5% of total export volume and 50.8% of total export value. Botswana followed with 32.6% of the volume and 24.5% of the value, while the European Union received 20.4% of the volume and 20.8% of the value. Together, these three participants accounted for 98.5% of the total export volume and 96.1% of the total export value, indicating a strong concentration of exports in a few key markets. The remaining nine KP participants collectively contributed only 1.5% of the volume and 3.9% of the value.

ROUGH DIAMOND IMPORTS

In 2025, South Africa recorded total rough diamond imports of 296 987.16 carats valued at US\$327.06 million. As compared to 2024, import volumes declined sharply by approximately 52%, falling from 622 554.57 carats to 296 987.16 carats. Import value also decreased, though more moderately, by about 17%, from US\$393.63 million in 2024 to US\$327.26 million in 2025.

Rough diamond imports were mainly sourced from two Kimberley Process (KP) participants: the United Arab Emirates and Botswana. The United Arab Emirates was the largest source, accounting for 57% of the total import volume and 55% of the total value. Botswana followed, contributing 34% of the volume and 38% of the value. Together, these two participants accounted for approximately 91% of the total import volume and 93% of the total import value, indicating a high concentration of imports from these key sources. The remaining ten KP participants collectively contributed only 9% of the volume and 7% of the value.

Table 5 below represents rough diamond imports and exports of 2025 between South Africa and other KP Participants

A total of 125 000 carats of polished diamonds were declared for import, valued at approximately US\$1.1 billion. Both the value and volume reflect a significant increase compared to the previous financial year, attributed to higher demand for laboratory certification services, as these diamonds are imported mainly for certification purposes.

Table 5. Rough diamond imports and exports

United States		European Union		United Kingdom	
2025 Total		2025 Total		2025 Total	
Imports	Exports	Imports	Exports	Imports	Exports
246.48 cts	371.65 cts	5,308.53 cts	1,442,922.14 cts	7,442.63 cts	10,237.92 cts
US\$1,460,667.50	US\$290,787.34	US\$11,530,168.70	US\$167,619,048.00	US\$475,581.50	US\$5,214,601.24

KP PARTICIPANTS
INCLUDE COUNTRIES
THAT **IMPORTED** OR
EXPORTED TO
SOUTH AFRICA
IN 2025



2025 Rough Diamond Imports and Exports Overview



EXPORTED approximately

7.08 million carats
valued at **US\$804.1 million**



IMPORTED approximately

297 thousand carats
valued at **US\$327.1 million**



United Arab Emirates European Union
Botswana The Rest

United Arab Emirates		Israel		Namibia	
2025 Total		2025 Total		2025 Total	
Imports	Exports	Imports	Exports	Imports	Exports
170,234.04 cts	3,220,639.36 cts	1,004.74 cts	6,619.86 cts	2,737.63 cts	195.92 cts
US\$179,102,162.90	US\$408,247,292.00	US\$1,346,936.07	US\$8,098,273.41	US\$1,535,404.07	US\$19,652.00

Canada	
2025 Total	
Imports	Exports
55.07 cts	7.34 cts
US\$390,710.28	US\$3,750.00

India	
2025 Total	
Imports	Exports
4,115.33 cts	76,863.35 cts
US\$1,959,815.47	US\$13,399,148.50

China	
2025 Total	
Imports	Exports
3,984.97 cts	5,064.30 cts
US\$4,864,429.33	US\$2,639,048.62



Angola
2025 Total
Imports
665.95 cts
US\$397,478.91

Botswana	
2025 Total	
Imports	Exports
101,179.15 cts	2,308,018.11 cts
US\$123,932,629.50	US\$196,775,305.80

DRC	
2025 Total	
Imports	Exports
12.64 cts	6,411.56 cts
US\$68,136.08	US\$1,098,218.09

Thailand
2025 Total
Exports
2,205.46 cts
US\$683,660.00

Figure 1. Polished diamond exports

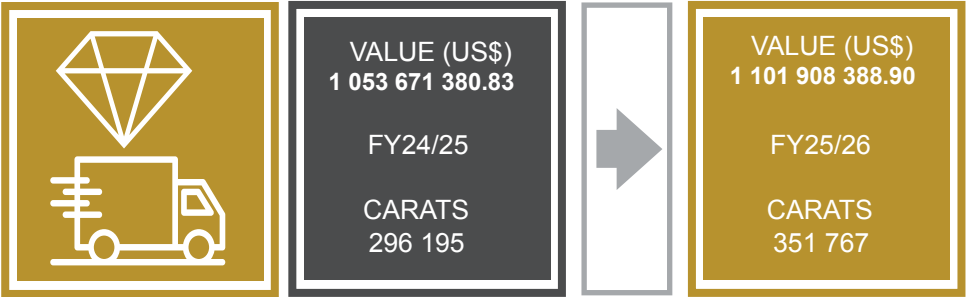
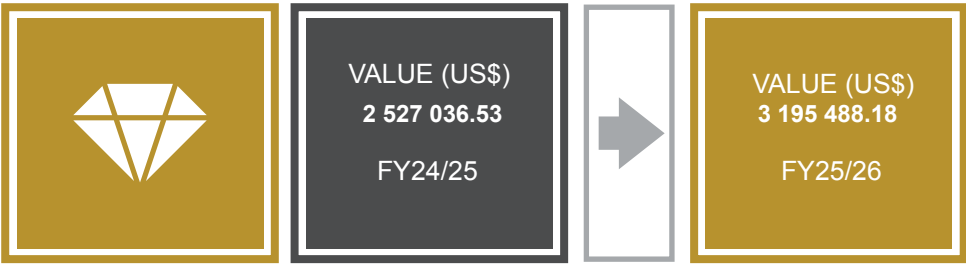


Figure 1 Illustrates an increase of polished diamond exports from 296 195 carats in 2024 to 351 767 carats in 2025 valued at US\$ 1.1 billion.

SYNTHETIC DIAMOND IMPORTS/LAB-GROWN

Figure 2 illustrates an increase in value of Synthetic diamond imports from value of US\$ 2,5 million FY 24/25 to US\$ 3.1 million in FY 25/26.

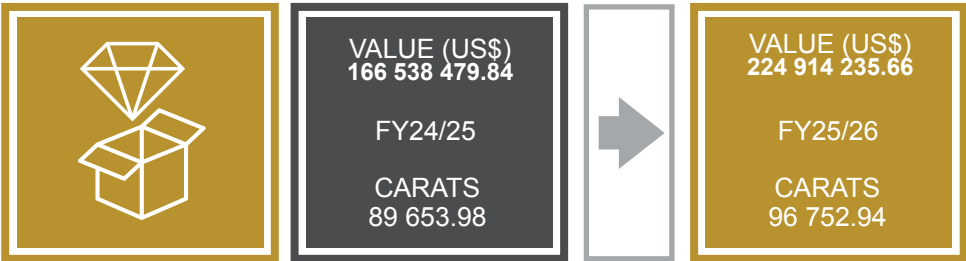
Figure 2. Synthetic diamond imports



POLISHED DIAMOND IMPORTS

Figure 3 Polished Diamond Imports illustrates an increase in US\$ value of 224 million in FY 25/2026 as compared with last FY 24/2025 US\$ 166 million. Volume has increase from 89 thousand to 96 thousand carats.

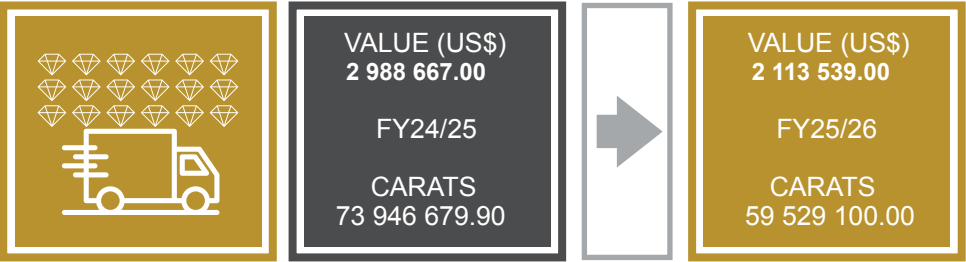
Figure 3. Polished diamond imports



SYNTHETIC DIAMOND POWDER IMPORTS

The DEEC received and processed 30.2 million carats of synthetic diamond powder, valued at approximately US\$2.1 million, reflecting a significant decrease when compared with the previous financial year. Synthetic diamond powder is primarily an industrial material used in drilling and cutting tools.

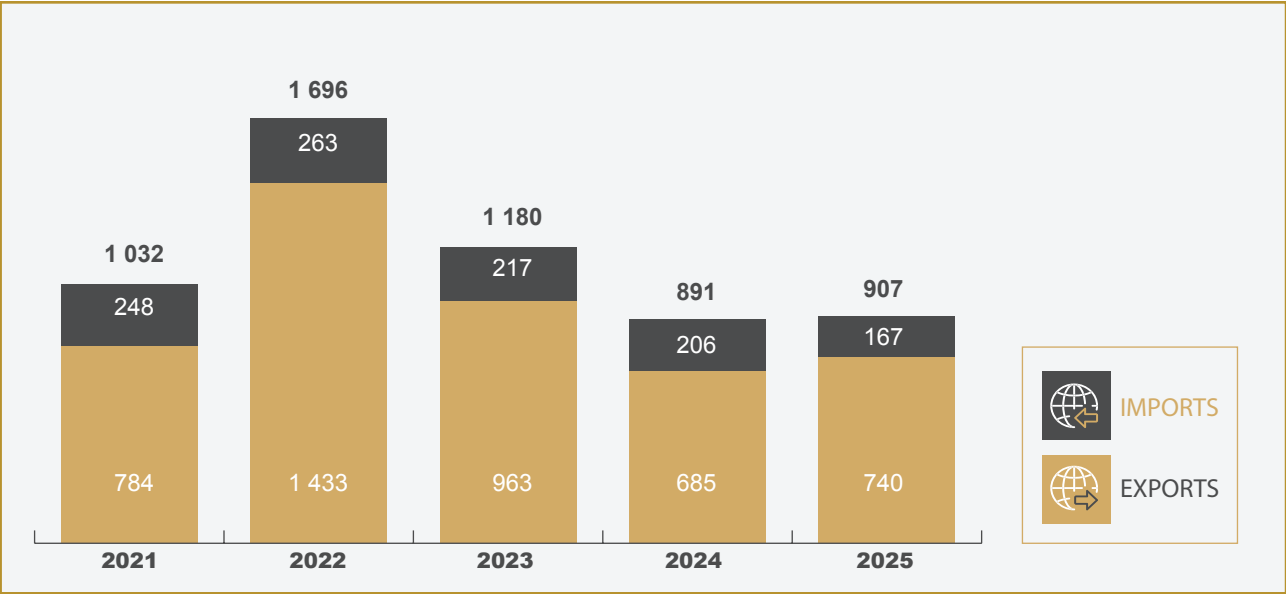
Figure 4. Synthetic diamond powder imports



ISSUING OF KPCS CERTIFICATES

KPC COUNT

During the 2025 calendar year, 740 KP certificates for rough exports were issued, while 167 KP certificates for rough imports were received from KP participating countries. The three leading Kimberley Process (KP) participants for rough diamond exports were the United Arab Emirates, Botswana, and the European Union, while the leading participants for imports were the United Arab Emirates, the European Union, and Botswana.



SUBMISSION OF QUARTERLY REPORTS (STATISTICS)

Five (5) statistical reports were timeously submitted to the Kimberley Process working group on statistics.

SUBMISSION OF 2025 ANNUAL REPORT

The South African KP 2025 Annual Report was submitted in line with the Kimberley Process minimum requirements.

3.3 PROGRAMME 3: REGULATORY COMPLIANCE

Purpose: To ensure compliance with the legislative requirements in the diamond and precious metals industries and to improve transformation, competitiveness, sustainable development, and job creation in these industries

The following are the Sub-Programmes: Regulations and Inspectorate

3.3.1 SUB-PROGRAMME: REGULATION

Purpose: To receive, process, and issue diamond and precious metals licences, permits, and certificates in accordance with the Diamonds Act 56 of 1986 and the Precious Metals Act 37 of 2005, ensuring that all participants in the diamond and precious metals value chain operate within a regulated and compliant framework.

Highlights: The division consistently exceeded its performance targets by ensuring that all licences, permits, and certificates were issued within the prescribed regulatory timeframes. Notably, both diamond and precious metals beneficiation licences were processed and issued in less than the stipulated regulatory timeframe in both periods, demonstrating the division's capacity to deliver efficient and responsive licensing services ahead of schedule.

Systems Modernisation: During the reporting period, the division began migrating licence issuance processes to the WebAdmin system to support the digitalisation of licensing administration. The system, scheduled for implementation in 2026, is intended to improve efficiency, data integrity, turnaround times, and user accessibility.

3.3.2 SUB-PROGRAMME: INSPECTORATE

Purpose: Monitor and enforce compliance with the Precious Metals Act, 2005 and the Diamonds Act, 1986; oversee trade transactions through the analysis of prescribed registers; assess and report on transformation within the diamond and precious metals industries; facilitate industry access for aspirant entrepreneurs in partnership with stakeholders through enterprise development programmes; and promote beneficiation through the implementation of the SADPMR Beneficiation Strategy.

Highlights: Monitoring of compliance. During the period under review, a total of 1 994 inspections were conducted across the diamond and precious metals sectors, reflecting a 16% increase compared to the previous year. Planned inspections at licensed precious metals and diamond premises exceeded targets by 29% and 5%, respectively.

A total of 43 export register analyses were undertaken to ensure compliance with legislative requirements to prioritise local demand. In addition, the Inspectorate carried out 42 precious metals export inspections to monitor such activities, exceeding the target by 93%. This variance was driven by a higher-than-anticipated volume of export inspection requests from Export Approval holders.

3.3.3 SUB-PROGRAMME: TRANSFORMATION

Highlights: During this financial year, a number of enterprise development partnerships were maintained, targeting aspiring Black entrepreneurs, women, and youth, which were launched in collaboration with industry partners, resulting in the advancement of 32 candidates. Transformation assessments were conducted on 774 licences, compared to 629 the previous year, representing a 23% increase.

3.3.4 SUB-PROGRAMME: ENFORCEMENT OF COMPLIANCE

Highlights: The SADPMR implemented an approved Enforcement Strategy to strengthen its mandate under the Diamonds Act and Precious Metals Act, establishing a fit-for-purpose enforcement framework to improve compliance, enhance consistency in enforcement, and support industry sustainability. Inspection activity increased during the year; a total of forty-one (41) joint inspections were conducted in the precious metals sector, compared to thirty-five (35) in the previous year. In the diamond sector, thirty-six (36) joint inspections were carried out in collaboration with law enforcement agencies, representing an increase from twenty-seven (27) inspections in the previous year, as part of ongoing efforts to combat illicit trading.

Findings indicate ongoing compliance challenges. In the precious metals sector, 51% of inspected entities were non-compliant, 34% compliant, and 15% subject to licence cancellation or cancellation processes due to persistent non-compliance or operational irregularities. In the diamond sector, 50% of entities were non-compliant, 28% compliant, 14% remained under investigation, and 8% of licences were cancelled.

During the 2025/26 financial year, the SADPMR issued 489 non-compliance notices, reflecting a shift towards corrective enforcement. Overall, eight licences were cancelled, while compliance interventions successfully restored 17 diamond and 138 precious metals licence holders to compliance.

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE- ANNUAL PERFORMANCE PLAN

SUB-PROGRAMMES	OUTCOMES
Regulations	Job creation, skill development, and value addition to the diamond and precious metal industries.
Inspectorate	Sustainable economic growth through local mineral beneficiation and skills development. Transformation in the diamond and precious metal industries. Competitive and compliant diamond and precious metals industries.

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023 / 24	AUDITED ACTUAL PERFORMANCE 2024 / 25	PLANNED ANNUAL TARGET 2025/ 26	AUDITED ACTUAL PERFORMANCE 2025 / 26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025 /26	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRY							
Precious metals license applications finalized within legislated timeframes	Percentage of licence applications finalised	100	100	100	100	-	Achieved as Planned
Diamond licences applications finalized within legislated timeframe	Percentage of license applications finalised	100	100	100	100	-	
Diamond and precious metals beneficiation licences finalised within legislated timeframe	Percentage of beneficiation licenses finalised	100	100	100	100	-	
Ensured compliance monitoring	Percentage of new application inspections conducted in precious metals premises	752*	815*	100	100	--	
	Percentage of new application inspections conducted in diamond premises	961*	902*	100	100	-	

* Targets were previously reflected in numbers

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023 / 24	AUDITED ACTUAL PERFORMANCE 2024 / 25	PLANNED ANNUAL TARGET 2025/ 26	AUDITED ACTUAL PERFORMANCE 2025 / 26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025 /26	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRY							
	Percentage of inspections conducted in licenced precious metals premises based on the approved Annual Inspection Plan	752*	815*	100	108	8	Exceeded due to additional follow up inspections conducted during export inspections at licensed precious metals premises
	Percentage of inspections conducted in licensed diamond premises based on the approved Annual Inspection Plan	961*	902*	100	110	10	Exceeded due to additional tender house inspections that had to be conducted
	Percentage of precious metals disruptive/ joint inspection conducted	32*	35*	100	100	-	Achieved as planned
	Percentage of diamond disruptive/ joint inspections conducted	25*	27*	100	100	-	
	Percentage of Inspections conducted on precious metals exports based on the approved Annual Inspection Plan	N/A	N/A	100	193	93	Exceeded due to higher-than-anticipated number of export inspection requests from Export Approval holders.
Ensure enforcement of compliance	Percentage of non-compliant licences suspended/ cancelled relative to non-compliant licences that failed to remedy contravention/ breach/failure	N/A	N/A	100	100	-	Achieved as planned
Implemented strategic interventions to combat illicit trade in Diamond and Precious Metals	Number of audits conducted on high-risk precious metals refining licenses	8	8	12	15	3	Exceeded due to additional audit emanated from register analysis and ongoing non-compliance matters being investigated
	Number of diamond register analysis conducted	N/A	66	100	134	34	Exceeded due to additional register analysis conducted on ongoing non-compliance matters being investigated.
	Number of precious metals register analysis conducted	N/A	61	100	126	26	Exceeded due to additional register analysis conducted on ongoing non-compliance matters being investigated
OUTCOME: SUSTAINABLE ECONOMIC GROWTH THROUGH LOCAL MINERAL BENEFICIATION AND SKILLS DEVELOPMENT							
Evaluated export approval applications to ensure provision for local demand	Percentage of recommended export approval applications meeting local demand	100	100	100	100	-	Achieved as planned
Evaluated/ Assessed precious metals traded locally to meet demand for local beneficiation	Percentage of export approval holders' registers assessed to determine precious metals traded locally	N/A	N/A	100	100		

* Targets were previously reflected in numbers

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023 / 24	AUDITED ACTUAL PERFORMANCE 2024 / 25	PLANNED ANNUAL TARGET 2025/ 26	AUDITED ACTUAL PERFORMANCE 2025 / 26	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025 /26	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRY							
Increased diamond beneficiation	Number of carats manufactured locally	N/A	N/A	150 000	80565	-69435	Not Achieved: Due to a depression in the diamond market, competition from Lab Grown Diamonds, shrinkage of diamond beneficiaries. Remedy: Implementation of improved assortment guidelines SADPMR has initiated the 3A Plus Model Project from 1 April 2026, which includes a KPA to market South African Diamonds and enhances access to markets for polished diamonds.
OUTCOME: TRANSFORMED DIAMOND AND PRECIOUS METALS INDUSTRIES							
Conducted transformation assessment of diamonds and precious metals industries	Number of licensees assessed	614	629	700	774	74	Exceeded due to the increased number of follow-up inspections conducted in conjunction with data collection
	Number of enterprises/ partnerships developed/ maintained	7	3	4	4	-	Achieved as planned.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

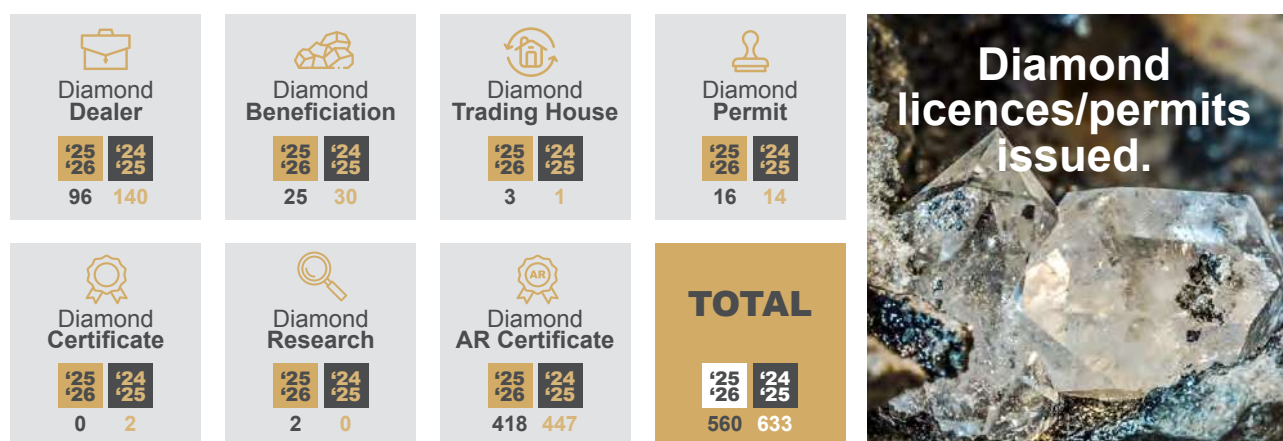
Implementation of improved assortment guidelines. SADPMR has initiated the 3A Plus Model Project from 1 April 2026, which includes a KPA to market South African Diamonds and enhances access to markets for polished diamonds.

DIAMOND LICENCES AND PERMITS ISSUED

During the period under review, 560 diamond licences and certificates were issued, compared to 633 in the preceding financial year, reflecting a decrease of 73 licences, as illustrated in Figure 5 below.

The decline is consistent with the industry's continued downturn, largely driven by reduced interest from new entrants amid intensifying competition from the global lab-grown diamond sector, which has adversely affected the prices and commercial viability of natural diamonds.

Figure 5. Diamond licences/permits issued.

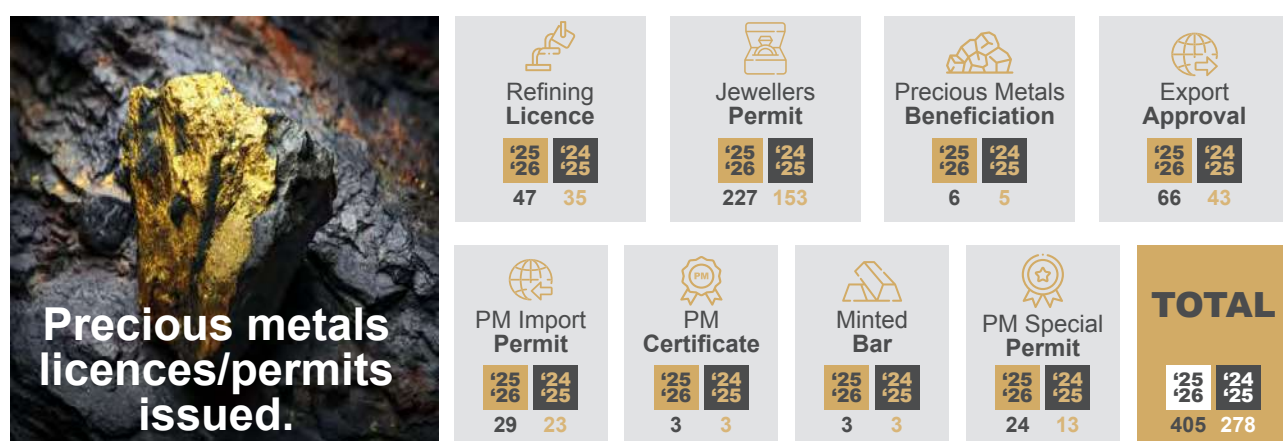


PRECIOUS METALS LICENCES AND PERMITS ISSUED

During the period under review, 405 precious metals licences, permits, and certificates were issued, compared to 278 in the preceding financial year, as illustrated in Figure 6 below.

The overall increase is primarily attributable to the 2025/26 renewal cycle, during which a higher volume of licence holders across multiple categories fell due to renewal, resulting in increased application processing and approvals.

Figure 6. Precious metals licences/permits issued.



LICENCES ISSUED TO HISTORICALLY DISADVANTAGED PERSONS (HDP)-OWNED ENTITIES

During the period under review, 30 licences were issued to HDP-owned entities, compared to 43 in the previous financial year, a decrease of 15 licences, as illustrated in Figure 7 below.

The gender composition of the licences issued to HDP-owned entities shows a predominance of growth in HDP's female-owned entities within the sector.

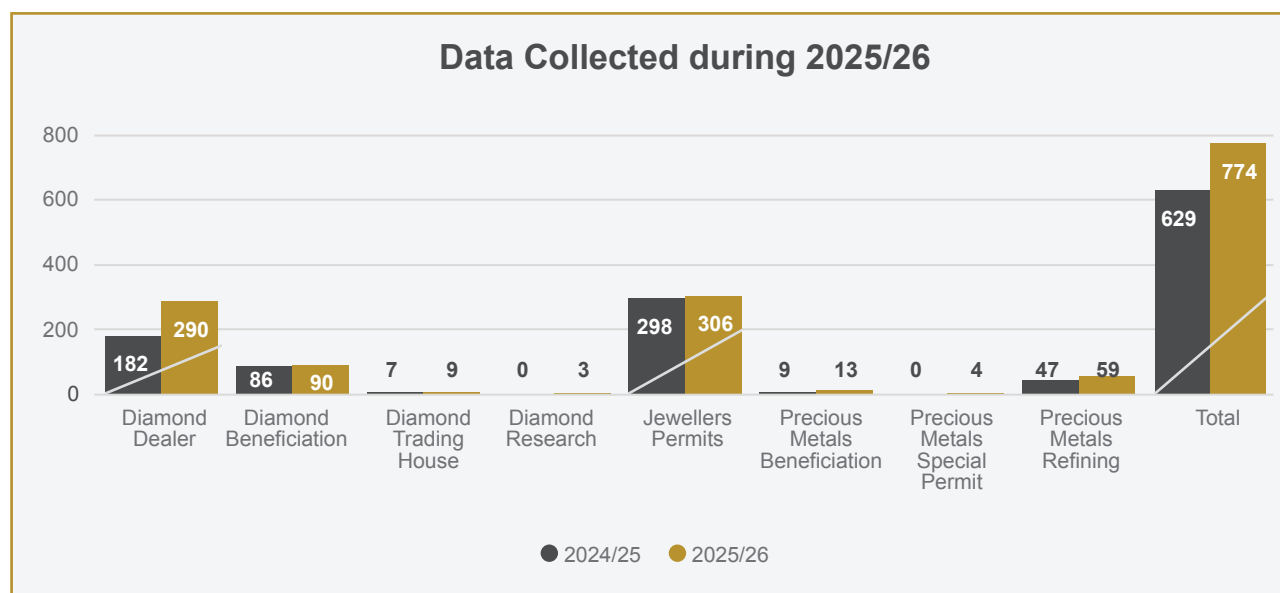
Figure 7. Diamond and Precious Metals Licences Issued to HDP-Owned Entities.

2025/26			TYPE OF LICENCE	2024/25		
NO. OF LICENCES	♂ MALE	♀ FEMALE		NO. OF LICENCES	♂ MALE	♀ FEMALE
14	2	12	 Diamond Dealers	24	8	16
4	1	3	 Diamond Beneficiation	8	3	5
0	0	0	 Diamond Certificate	0	0	0
2	0	2	 Precious Metals Beneficiation	1	0	1
10	4	6	 Precious Metals Refining	10	4	6
30	7	23	TOTAL	43	15	28

SUB-PROGRAMME: INSPECTORATE ASSESSMENT OF TRANSFORMATION

The South African Diamond and Precious Metals Regulator (SADPMR) assessed 774 licence holders, up from 629 in 2024/25. This indicates continued growth in participation in the voluntary transformation assessment process.

The largest increases were among Diamond Dealers (182 to 290) and Precious Metals Jewellers (298 to 306). Numbers also rose in Precious Metals Refining (47 to 59) and Precious Metals Beneficiation (6 to 13). Diamond Research (0 to 3) and Precious Metals Special Permits (0 to 4) were recorded for the first time in the reporting period, suggesting improved data submission. Overall, the upward trend across most licence categories indicates greater industry responsiveness and engagement with transformation data reporting.

Figure 8: Data collected during 2025/26

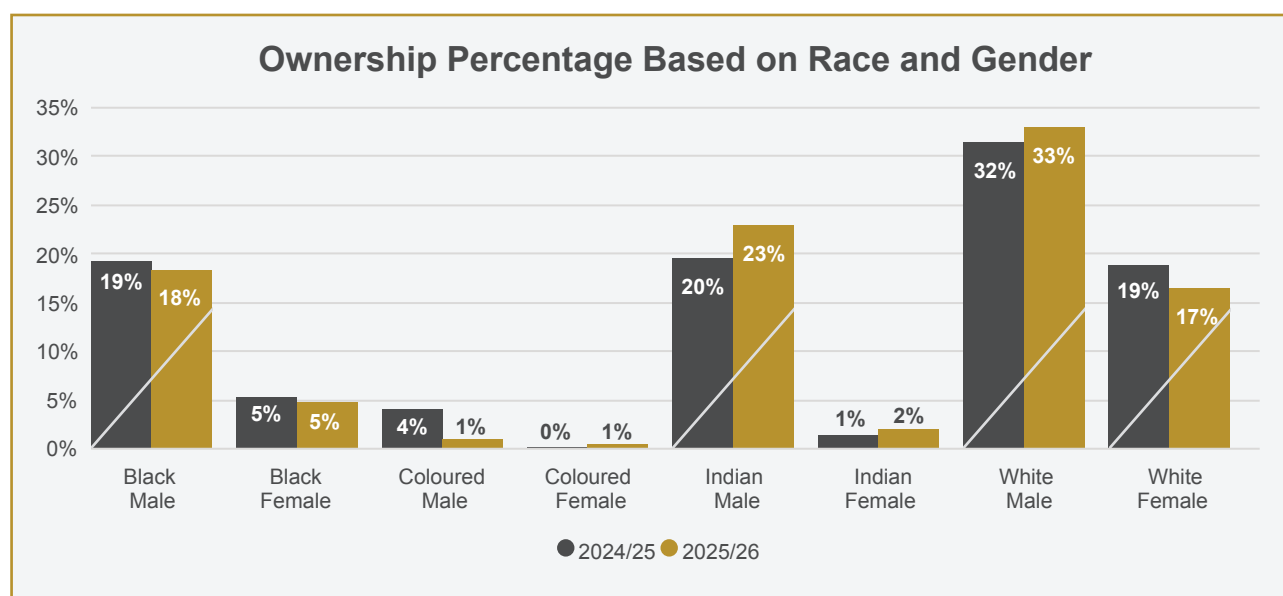
ASSESSMENT OF TRANSFORMATION: OWNERSHIP PERCENTAGE BASED ON RACE AND GENDER

The ownership profile of existing holders in the diamond and precious metals industry continues to reflect uneven transformation outcomes, particularly along gender lines.

Male ownership remains dominant across all racial groups. White males (33%) and Indian males (23%) hold the largest shares of ownership, followed by Black males (18%), although the latter reflects a slight decline from 19% in the previous year.

Female ownership remains comparatively low across all racial groups. White females (17%) represent the highest proportion among women, although this is down from 19% in 2024/25. Black female ownership remains unchanged, while Indian female ownership has increased modestly from 1% to 2%. Overall, the data indicates limited progress in achieving equitable ownership, with persistent gender disparities and only marginal shifts in racial representation.

Figure 9. Ownership Percentage Based on Race and Gender

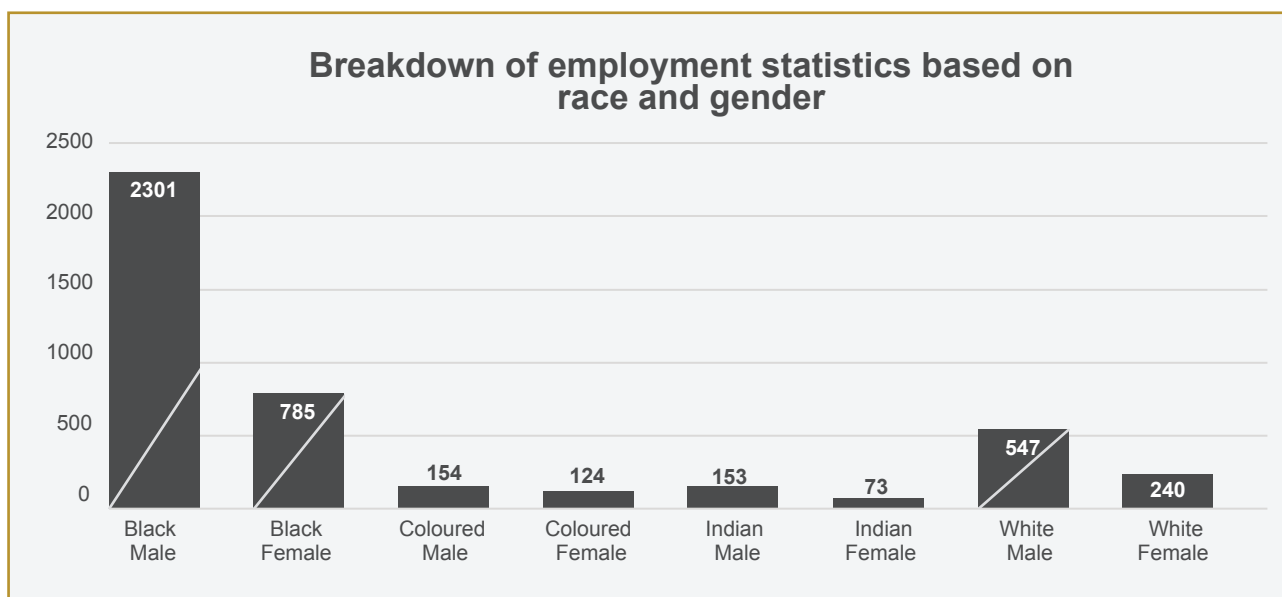


ASSESSMENT OF TRANSFORMATION: EMPLOYMENT EQUITY PERCENTAGE (RACE AND GENDER)

Employment equity data indicate that a total of 4 377 employees are represented across the assessed licence holders. The workforce remains heavily male-dominated, with Black males (2 301) constituting the largest proportion of employees, followed by White males (547), Indian males (153), and Coloured males (154).

Female representation is significantly lower across all racial groups. Black females (785) represent the largest share among female employees, followed by White females (240), while Indian females (73) and Coloured females (124) remain underrepresented.

These figures highlight persistent gender imbalances in employment, as well as concentration within certain racial groups. While there is notable participation of Black employees overall, female inclusion across all groups remains limited, pointing to ongoing challenges in achieving balanced workforce representation.

Figure 10: Breakdown of employment statistics based on race and gender

The data presented in Figures 8 to 10 reflect positive growth in participation and reporting within the transformation assessment process. However, structural imbalances persist, particularly in relation to gender representation in both ownership and employment; youth and Black female participation remains low.

While incremental shifts are observed in certain categories, the pace of transformation remains uneven. These findings underscore the need for continued industry engagement, targeted interventions, and strengthened transformation initiatives to promote inclusivity and equitable participation across the sector.

ENTERPRISE DEVELOPMENT PROJECTS

During the period under review, the SADPMR strengthened enterprise development through strategic partnerships with key industry stakeholders to advance the growth and sustainability of Small, Medium and Micro Enterprises (SMMEs) in the diamond and precious metals sectors. These collaborative initiatives invest time and resources to support emerging Black entrepreneurs in establishing, expanding, and enhancing their businesses through comprehensive skills development and integrated business support. In doing so, the sector continues to contribute to the development of a new generation of Black industrialists and to foster a more inclusive and entrepreneurial industry.

Key collaborative interventions include mentorship and enterprise development programmes such as the Silver

and Gold Mentorship Programme provides participants with technical training, business development support, and improved market access. These initiatives have enabled SMMEs to showcase their products at prominent industry platforms and to access new commercial opportunities.

The following are key partnerships which were undertaken:

1. Collaboration between (Gauteng Industrial Development Zone) (GIDZ) and SADPMR (including Large Refinery – METCON)

This partnership aims to support the development of self-sustaining Black entrepreneurs in the jewellery manufacturing industry, with a focus on increasing revenue and improving competitiveness. As part of the initiative, a jewellery manufacturing cooperative has been established, with ongoing efforts to facilitate access to funding from financial institutions and to unlock opportunities in both local and international markets.

The primary focus areas of the collaboration include:

- Expanding market access at both local and international levels
- Facilitating access to finance through Small Enterprise Development and Finance Agency (SEFDA)
- Improving access to precious metals through local refineries
- Strengthening overall business development support

2. The Platinum Incubator (TPI) and SADPMR: Promotion of Platinum Entrepreneurship through Skills and Enterprise Development Programmes

This collaborative initiative aims to support the development of self-sustaining Black entrepreneurs in the minerals industry by enhancing their revenue-generating capacity and competitiveness. The programme focuses on providing targeted skills development and enterprise support to enable participants to establish and grow viable businesses.

During the period under review, TPI expanded its strategic partnerships, including a collaboration with Golden Bridge related to the China International Industrial Expo. This partnership facilitated the participation of TPI, SADPMR, and two SMMEs at a related conference hosted at the Sandton Convention Centre, creating exposure to international markets and industry networks. Notably, TPI secured provisional accreditation for goldsmith artisan training, marking a significant milestone in expanding its offering beyond incubation to include formalised skills development. TPI supported SMMEs in securing revenue opportunities, including producing corporate gifts for the ORBIT Technical and Vocational Education and Training (TVET) delegation's international engagement.



TPI PGM's Advocacy Week 2025: The Platinum Incubator has expanded its Platinum-Group Metals (PGMs)' advocacy into schools to inspire and inform youth in schools within the Bojanala District Municipality area, and is hosting its second annual PGMs Advocacy Week. The incubator has invited learners from identified schools in the area who are interested in the Computer Aided

Design (CAD), Jewellery Manufacturing, Metallurgy, Chemical Engineering and all other related engineering fields.

3. Collaboration between SADPMR and KGK for the Jewellery and Diamond Beneficiation Mentorship Programme

During the period under review, the SADPMR entered into a Memorandum of Agreement (MoA) with KGK Diamonds to implement a Jewellery and Diamond Beneficiation Mentorship Programme. The initiative is intended to support Small, Medium and Micro Enterprises (SMMEs) by developing advanced diamond beneficiation and jewellery manufacturing capabilities, with the objective of fostering sustainable and competitive enterprises within the sector.

The programme commenced with a cohort of four youth entrepreneurs, comprising three females and one male. Structured over a 12-month period, the programme focused on technical skills development, business mentorship, and practical exposure to industry operations and best practices.

As part of the initiative, participants were afforded opportunities to showcase their products at the Jewellex 2025 industry trade exhibitions. In addition, two jewellery manufacturing SMMEs participated in specialised skills development training in Botswana to further enhance their production and manufacturing capabilities. The programme also included planned exposure for diamond polishing SMMEs to practical industry experience, including participation in diamond tenders aimed at strengthening their diamond evaluation, sourcing, and purchasing competencies.

4. Collaboration between SADPMR, Rand Refinery, Ekurhuleni Jewellery Project and NQ Jewellery Silver Mentorship Programme (Class of 2025/26)

This collaborative mentorship initiative is designed to support Small, Medium and Micro Enterprises (SMMEs) within the jewellery sector by strengthening technical skills, business capacity and market access. The programme transitioned to an advanced development phase, selecting the top 10-performing alumni for an intensive 24-month support stream. This phase focuses on scaling high-potential enterprises beyond the micro-enterprise level through targeted interventions, including working capital investment, business coaching, manufacturing support, and enhanced marketing and sales capabilities. Each participant is eligible to receive monthly working capital support over the 24-month period, fully funded by Rand-Refinery. To date, all participating SMMEs remain compliant with programme requirements and are preparing to supply gold and silver jewellery to a new retail outlet in Sabi, with facilitation support from Rand Refinery.

The current cohort comprises nine SMMEs incubated at the Ekurhuleni Jewellery Project. All participants are operational, hold valid precious metals jewellers permits, and actively supply products to established retail platforms, including the Jewellery Village store at Montecasino and the Kruger National Park Shop.



Certificate awarding session during the business day celebration from the Rand Refinery, SADPMR, EJP, and NQ JEWELLERY Enterprises Development Programme (EDP).

The SMMEs received their Financial Management Certificates from Regent Business School and the awarding of the top three sales archivers.

5. Stakeholder And Brand Promotion

The following are key stakeholders and brand promotion activities undertaken:



Outreach Initiatives for Learners with Disabilities

The SADPMR conducted outreach initiatives at schools for learners with disabilities to promote career opportunities within the diamond and precious metals sector. These initiatives aimed to raise awareness of the diverse career paths available in the industry, encourage greater participation by persons with disabilities, and support inclusive skills development and transformation available within the sector.



Career awareness day with Nombuso High School

On the 18th of July 2025, the SADPMR hosted a Career Awareness Day for learners from Nombuso High School in KwaZulu-Natal. The initiative aimed to expose learners from under-resourced communities to career opportunities in the diamond and precious metals industry while encouraging skills development and interest in future careers within the sector.



Attendance at the Fina Star Diamond Beneficiation Factory Opening

The SADPMR, in collaboration with the Minister of Mineral Resources and Petroleum, attended the official opening of the Fine Star Diamond Beneficiation Company. The event highlighted the importance of local diamond beneficiation in promoting value addition, industrial development, and job creation within South Africa's diamond sector. The SADPMR's participation reaffirmed its commitment in supporting initiatives that strengthen the beneficiation industry and contribute to the sustainable growth and competitiveness of the RSA diamond and precious metals sector.



Bilateral Engagement with the Namibian Delegation

The SADPMR hosted a delegation from Namibia to strengthen bilateral relations and foster collaboration between the two countries. The visit provided an opportunity to benchmark policies, share regulatory best practices, and exchange knowledge on matters relating to the regulation and development of the diamond and precious metals sector. The engagement contributed to enhancing cooperation and promoting continuous improvement in regulatory frameworks.

The SADPMR led the South African delegation in participating in the Kimberley Process Certification Scheme (KPCS) activities. The RSA attended both the KP Intercessional and Plenary meetings, which were held in the UAE (Dubai). Furthermore, the RSA delegation participated in a KP Review Visit as part of the monitoring and assessment processes under the Kimberley Process Certification Scheme.



Minister of Mineral Resources and Petroleum engaged with stakeholders in the South African diamond industry

The SADPMR, Minister of Mineral Resources and Petroleum, as well as the Deputy Minister engaged with stakeholders in the South African diamond industry to discuss the challenges affecting the sector. The engagement provided a platform for industry participants to raise key concerns and explore collaborative solutions aimed at strengthening the diamond industry. The discussions focused on identifying measures to improve the competitiveness, sustainability, and overall status of the RSA diamond industry.



KP Activities

SADPMR PROMOTION OF LOCAL BENEFICIATION THROUGH ASSISTING INACTIVE LICENSEES

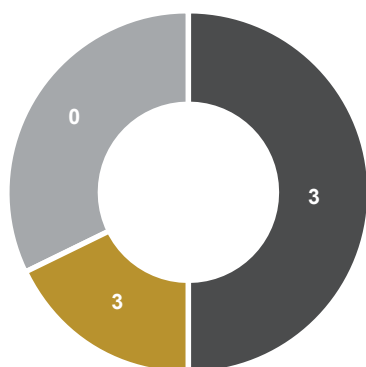


Figure 11: Assistance provided in 2025/26

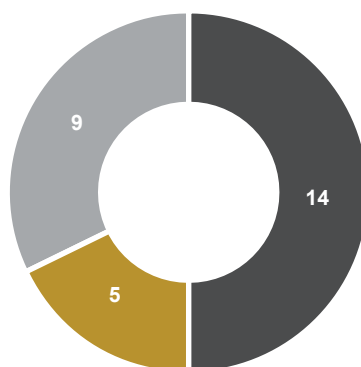


Figure 12: Assistance provided in 2024/25

SADPMR continued to implement initiatives to improve access to raw materials for historically disadvantaged persons and to promote local beneficiation in the diamond and precious metals industries. In the current reporting period, the entity facilitated access to precious metals for jewellery manufacturing SMMEs through the allocation of fine sterling silver in granule form by a local precious metals refiner. A total of three historically disadvantaged precious metals jewellers received 200g each at no cost for use in jewellery production, with the material sponsored by participating refineries.

This initiative builds on interventions implemented in the previous financial year, during which SADPMR partnered with industry role players to enable women, youth, and other historically disadvantaged licence holders to access affordable parcels of rough diamonds through quarterly tenders, thereby improving participation opportunities for smaller beneficiation enterprises. Overall, the current period reflects continued support for beneficiation-focused SMMEs, although the number of beneficiaries and quantity of precious metals allocated declined compared to the previous reporting period.

MONITORING OF COMPLIANCE THROUGH INSPECTIONS (DIAMONDS)

The total number of inspections conducted over the three financial years reflects a generally stable performance with slight fluctuations. Inspections increased from 902 in 2024/25 to 945 in 2025/26, indicating a marginal incline in activity. The distribution of inspections by licence type for the 2025/26 financial year indicates that most inspections were concentrated within Dealing Licences, followed by Trading House Licences and Beneficiation Licences.

Dealing Licences account for the largest share of inspections, reflecting the high level of regulatory focus on trading activities within the diamond and precious metals sector. Trading House Licences also represent a significant proportion, largely due to a high volume of follow-up inspections, highlighting ongoing compliance monitoring in this segment.

Beneficiation Licences contribute a moderate share, indicating continued oversight of value-adding activities within the sector. Research Licences and Diamond Certificates account for a relatively small share of total inspections, suggesting lower inspection demand or fewer active entities in these categories.

Overall, the distribution demonstrates a risk-based and operationally focused inspection approach, prioritising high-impact licence categories while maintaining coverage across all regulatory areas.

Breakdown of the Inspections Conducted by Licence/Permit Type

LICENCE/ PERMIT TYPE	NO. OF INSPECTIONS 2024/25		NO. OF INSPECTIONS 2025/26	
	NEW PREMISES INSPECTIONS	FOLLOW-UP INSPECTIONS	NEW PREMISES INSPECTIONS	FOLLOW-UP INSPECTIONS
Dealing licence	157	277	157	277
Beneficiation licence	35	108	35	108
Trading house licence	1	298	1	298
Research licence	1	25	1	25
Producer permit (field inspections)	0	0	0	0
Diamond Certificate	0	0	0	0
Total	194	708	194	708
Grand Total	902		902	

DIAMOND BENEFICIATION

Annual diamond beneficiation volumes declined significantly during the reporting period, decreasing by 46% from 150 489 carats in FY 2024/25 to 80 565 carats in FY 2025/26. The decline reflects ongoing operational, market, and supply-side challenges that adversely affected beneficiation performance across the sector.

The reduction in beneficiation output may largely be attributed to elevated rough diamond prices and prevailing high interest rates, which continued to place pressure on the global economic environment during the reporting period. These conditions contributed to reduced production, constrained trading, and weakened demand in the diamond industry.

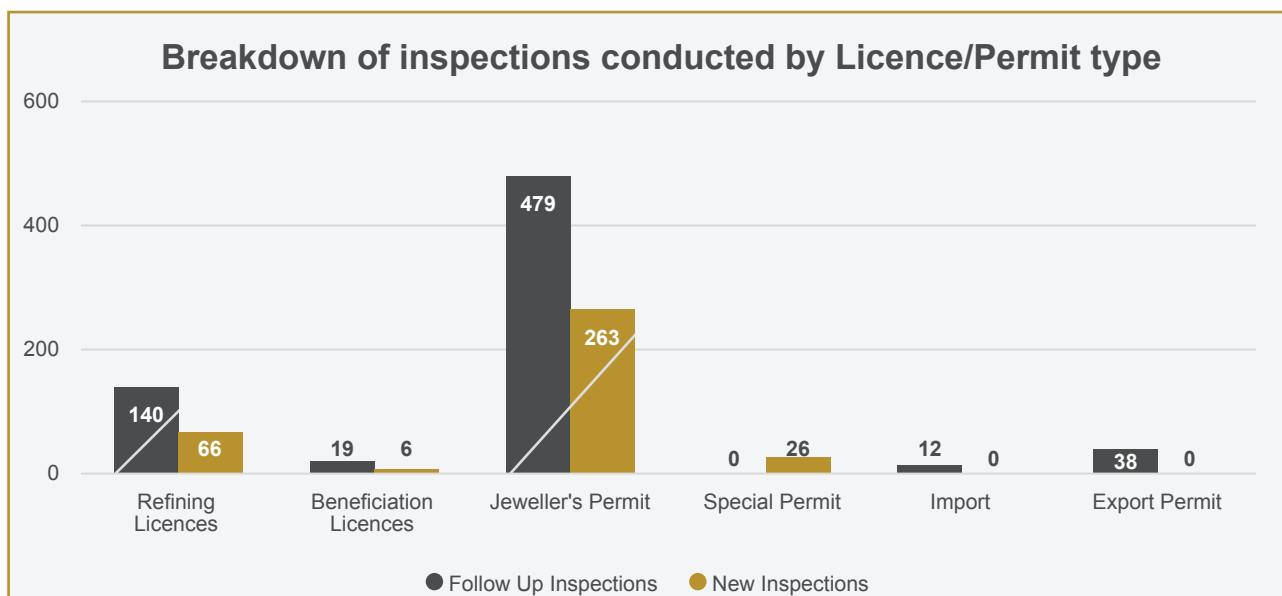
The sustained decline in beneficiation volumes underscores the need for targeted interventions to stabilise industry performance, improve access to rough diamonds, and support the long-term sustainability and competitiveness of local beneficiation activities.

DIAMOND BENEFICIATION QUARTERLY TREND			
PERIOD: FY 2025-26	DIAMONDS BENEFICIATED (CARATS)	PERIOD: FY 2024-25	DIAMONDS BENEFICIATED (CARATS)
TOTAL	80 565 ct	TOTAL	150 489 ct

PRECIOUS METALS INSPECTIONS

During the reporting period, SADPMR conducted a total of 1 049 inspections at precious metals premises. Of these, 361 inspections were undertaken in respect of new licence or permit applications, while 688 were follow-up inspections for existing licence and permit holders. Figure 13 provides a detailed breakdown of new and follow-up inspections by licence type.

The total number of inspections conducted during the financial year represents a 29% increase compared to the 2024/25 period. This increase is largely attributable to enhanced efficiency in internal processes, such as virtual inspections.

Figure 13: Breakdown of the Inspections Conducted by Licence/Permit Type.

ENFORCEMENT OF COMPLIANCE

Implementation of the Enforcement Strategy commenced in the 2024/2025 financial year and continued into the period under review. The diamond and precious metals industries remain critical to local economic development, beneficiation, transformation, and job creation, and effective regulation is essential to maintaining a level playing field and protecting the sector from the risks associated with noncompliance. The SADPMR, working in partnership with law enforcement agencies and industry role-players in the diamond and precious metals value chains, applies a coordinated approach to tackling illicit trade and mitigating its adverse impacts, including through joint operations and structured cooperation mechanisms.

The South African diamond and precious metals sector continues to be a strategically significant component of the national economy, contributing to export earnings, employment, and downstream beneficiation.

Enforcement and compliance: key issues and mitigation measures (high-level summary table)

During the year under review, a range of enforcement and compliance challenges were detected across both the diamond and precious metals value chains, as shown in the table below. To respond to these risks, the SADPMR, working closely with law enforcement bodies and other government departments, implemented a range of enforcement and preventive interventions.

KEY ISSUES DETECTED	ENFORCEMENT AND MITIGATION MEASURES
Illegal mining and illicit trade: smuggling of gold and other precious metals continued to pose a challenge to formal sector enforcement efforts and the Regulator's oversight mandate.	Joint Field inspections and compliance audits: Scheduled and risk-based inspections of licensed dealers, refiners, smelters, jewellers, and scrap metal dealers were undertaken to assess adherence to the Diamonds Act, the Precious Metals Act, and associated regulations, with directives issued and, where warranted, licences suspended or revoked
Unlicensed and informal trading: Certain scrap metal dealers and informal traders were identified as conduits for illicit gold and precious metals flows, often operating outside licensing requirements and export control provisions.	Joint operations and intelligence led enforcement: Targeted, intelligence-driven operations with SAPS, the DMRE, SARS, and other agencies were conducted to disrupt illicit trading networks involving diamonds and precious metals, leading to the seizure of undocumented material and the initiation of criminal proceedings against individuals implicated in illegal mining and smuggling.

KEY ISSUES DETECTED	ENFORCEMENT AND MITIGATION MEASURES
Licensing and documentation deficiencies: Instances of non-submission of mandatory returns, inaccurate or incomplete documentation, and late applications for diamond and precious metals licences and permits were observed among some licence holders.	Strengthened licensing and controls: Application and renewal procedures for Diamond and Precious Metals Export Approvals, Precious Metals Refining Licences, Beneficiation Licences, and related authorisations were tightened, including more robust due diligence checks on applicants and clearer guidance to industry on record-keeping, reporting, and export certification obligations.
Recordkeeping weaknesses: Gaps and inconsistencies in recordkeeping and reporting by intermediaries increased the risk of commingling legitimate and illicit material within the supply chain.	Systems enhancements: Investment was directed towards upgrading technology infrastructure for key Regulator-critical records, while work progressed on further digitising and centralising licensing and transaction data to improve traceability and support risk-based audits across the value chain.
Smuggling and export control breaches: Failures to declare the correct volumes or values of precious metals at exit points, as well as attempts to circumvent valuation and certification requirements, were uncovered through joint inspections with customs and the police.	Strengthening Law Enforcement Coordination The increase in criminal activity across critical mineral supply chains—from illegal extraction to illicit trade and associated financial flows—necessitates strengthened collaboration among law enforcement agencies and key stakeholders. This includes enhanced coordination with SAPS, SARS, the FIC, and mining houses to improve detection, investigation, and enforcement outcomes

PRECIOUS METALS JOINT INSPECTIONS WITH SOUTH AFRICAN POLICE SERVICE (SAPS) OR SOUTH AFRICAN REVENUE SERVICES (SARS) FY 2025 – 2026

The Regulator conducted 41 disruptive inspections on precious metals operations in collaboration with law enforcement agencies, including SAPS, SARS, and the Forensic Science Laboratory (FSL). These inspections were aimed at verifying compliance with the Precious Metals Act, assessing the validity of operational licences, monitoring submissions to the register, and identifying illegal refining or trading activities.

The inspection outcomes indicate that 51% of inspected entities were non-compliant, reflecting ongoing challenges in regulatory adherence within the precious metals sector. Key non-compliance issues identified included failure to submit prescribed PMR registers/transactions, incomplete or inaccurate record-keeping, inability to provide supporting documentation for precious metals during on-site operation from unlicensed/unregistered premises, and conducting regulated activities without the required licences. In several cases, licensees could not be located at their registered addresses, while some entities were

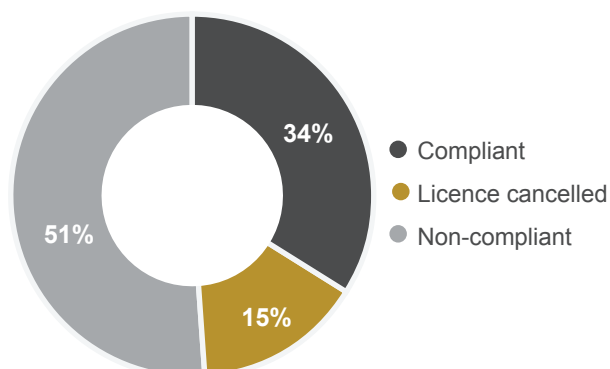
found to have ceased operations without notifying the Regulator, as per licence condition. The rate of moving premises, closure or liquidation of companies is too high.

The joint inspections also uncovered several unlicensed operations involved in the handling and processing of precious metal-bearing material. Joint operations with law enforcement agencies led to the seizure and forensic testing of suspicious materials, as well as the arrest of suspects linked to unlawful precious metals activities. These interventions demonstrate the importance of collaborative enforcement efforts in combating illicit activities and protecting the legitimate precious metals value chain. Furthermore, 15% of inspections resulted in licence cancellation or cancellation processes being initiated, particularly where entities remained persistently non-compliant, untraceable, or had ceased operating.

Approximately 34% of inspected entities were found to be compliant, demonstrating adherence to licensing conditions and regulatory reporting obligations. These compliant outcomes indicate positive responsiveness among some operators and the value of ongoing monitoring and engagement.

Overall, the findings underscore the need for continued disruptive inspections, stronger enforcement interventions, improved licence holder accountability, and enhanced collaboration with strategic enforcement partners. These measures remain essential to improving compliance levels, addressing illegal activities, and safeguarding the integrity of South Africa's precious metals regulatory framework.

Figure 14: Total Precious Metals Joint Inspections conducted amounted to 41



DIAMOND JOINT INSPECTIONS WITH SOUTH AFRICAN POLICE SERVICE (SAPS) OR SOUTH AFRICAN REVENUE SERVICES (SARS) FY 2025 – 2026)

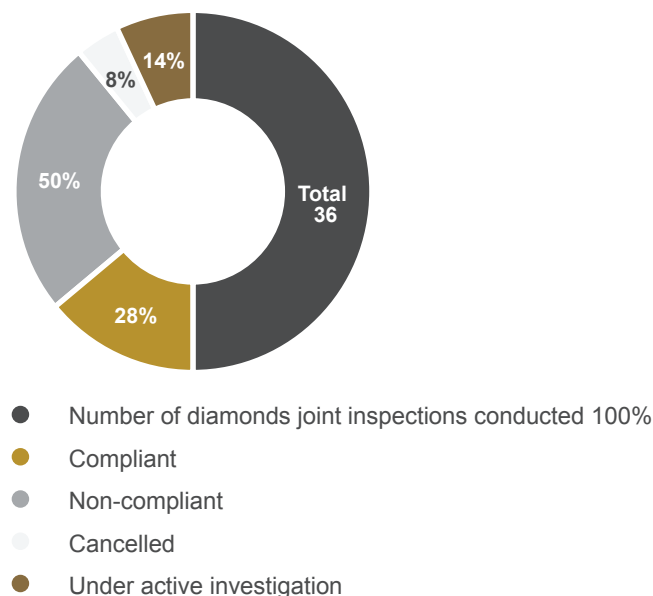
A total of 36 disruptive joint inspections were conducted in collaboration with law enforcement agencies. These inspections were aimed at strengthening regulatory compliance, detecting illicit activities, and ensuring adherence to licensing conditions within the diamond beneficiation sector.

Out of 36 inspected entities, 28% of were compliant, demonstrating adherence to regulatory requirements and proper record-keeping. A significant 50% were found to be non-compliant, highlighting persistent challenges such as failure to operate from registered premises, failure to submit statutory registers, and inability to provide supporting documentation. Currently, 14% of cases remain under active investigation or administrative processing, reflecting ongoing enforcement actions. Further, 8% of licences were cancelled, either voluntarily or as a result of regulatory enforcement interventions.

A notable trend was the high number of licensees not operating from their registered business addresses, raising concerns about regulatory evasion and operational transparency. In response, the Regulator strengthened enforcement by issuing non-compliance notices, recommending suspensions or cancellations, and referring cases to SAPS for further investigation. Encouragingly, compliant entities showed improved

cooperation, submitted registers on time, and addressed minor administrative issues.

Figure 15: Total Diamond Joint Inspections conducted amounted to 36



PRECIOUS METALS HIGH-RISK REFINERY AUDITS (FY 2025/26)

The SADPMR conducted comprehensive compliance audits on high-risk precious metals refinery operations during the 2025/26 financial year. A total of 15 high-risk refinery licence holders were audited to assess compliance with the requirements of the precious metals regulatory framework.

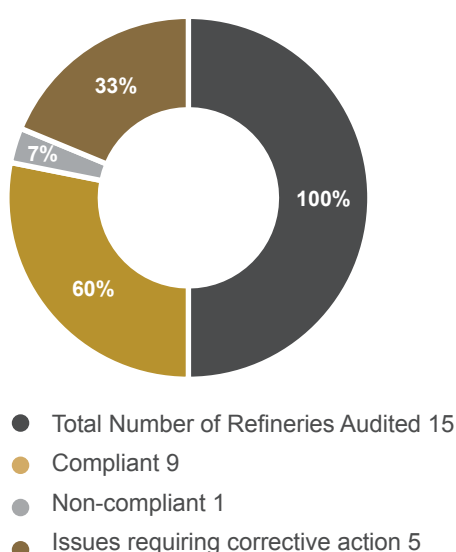
The audit outcomes indicated that 60% of the audited entities were compliant, demonstrating satisfactory adherence to regulatory requirements, including proper record-keeping, submission of registers, and maintenance of supporting documentation. In these cases, routine monitoring was recommended to ensure continued compliance.

Of these 15 high-risk audits conducted, 33% identified findings requiring corrective action. The findings mainly related to incorrect completion of precious metals registers, inadequate verification of suppliers and material sources, including mine dumps, scrap metals, and e-waste, as well as administrative shortcomings in business transactions. These matters were addressed through corrective interventions such as compliance training, amended register submissions, affidavits, and recommendations for joint inspections with the SAPS and verification with the DMRE. Although these entities were not considered materially non-compliant, ongoing monitoring and follow-up inspections remain necessary.

A further 7% of audited entities were found to be non-compliant, involving more serious breaches such as operating outside approved premises, failure to respond timeously to non-compliance notices and requests for verification documentation, and non-adherence to licence conditions. Enforcement actions were initiated in these cases, including recommendations for licence cancellation/suspension in line with legislative requirements.

Overall, the audit findings indicate that while most refinery licence holders remain compliant, persistent challenges continue to exist in relation to record-keeping accuracy, verification of material sources, and regulatory awareness, especially for secondary material processing and refining. These challenges increase the risk of inaccurate declarations and limit the traceability of materials that may originate from illicit sources. The findings therefore underscore the importance of continued compliance awareness initiatives, strengthened supply chain verification processes, enhanced collaboration with law enforcement agencies, and increased monitoring of transitional and newly established operations to promote regulatory integrity, transparency, and accountability within the precious metals refining sector.

Figure 16: High-Risk Audit conducted for Refining Licence Holders



ISSUANCE OF NON-COMPLIANCE NOTICES: DIAMOND AND PRECIOUS METALS SECTOR

During the 2025/2026 reporting period, a total of 489 non-compliance notices were issued across the diamond and precious metals sectors. Of these, 143 notices were issued to diamond licence holders, while 346 were issued to licence holders in the precious metals sector. In the diamond sector, non-compliance was predominantly attributed to administrative shortcomings, with 138 licence

holders failing to submit the required registers. A further five licence holders were found to have vacated their licensed premises without prior notification or approval.

A similar trend was observed in the precious metals sector, where most non-compliance cases (335) related to the non-submission of registers. Additional contraventions included two instances of procurement from unlicensed entities and nine cases involving relocation from registered premises without approval.

Enforcement measures led to the cancellation of eight licences overall. In the diamond sector, four licences were cancelled, comprising two Diamond Beneficiation Licences and two Diamond Dealer Licences. In the precious metals sector, four Refining Licences were cancelled, three due to unauthorised relocation and one due to procurement from unlicensed suppliers.

Compliance interventions delivered positive results, with 17 diamond licence holders and 138 precious metals licence holders successfully restored to compliance. Further regulatory action remains underway, with cancellation processes currently in progress for 10 diamond licence holders and seven refining licence holders.

Overall, the findings indicate that the non-submission of registers remains the most significant compliance challenge across both sectors, although ongoing enforcement and corrective measures are contributing to improved compliance.

STAKEHOLDER ENGAGEMENT WITH LAW ENFORCEMENT AUTHORITIES: PARTICIPATION AT POC, NOC AND NCSMT COORDINATION ON ILLEGAL MINING AND ILLICIT TRADING

During the period under review, the Provincial Operational Committee (POC) continued to support efforts to address illegal mining and the illicit trade in precious metals and stones by assessing emerging threats, hotspot areas, and district-level enforcement reports. These engagements helped identify high-risk provinces and inform targeted interventions.

At the national level, the National Operational Committee (NOC) consolidated provincial inputs on cases, operational challenges, intelligence reports, and enforcement activities. The structure assessed provincial trends, identified priority risk areas, and guided the allocation of resources and intelligence capacity. Matters relating to money laundering and compliance with Financial Action Task Force (FATF) requirements were also considered, while various government departments provided updates on their interventions to strengthen inter-agency coordination.

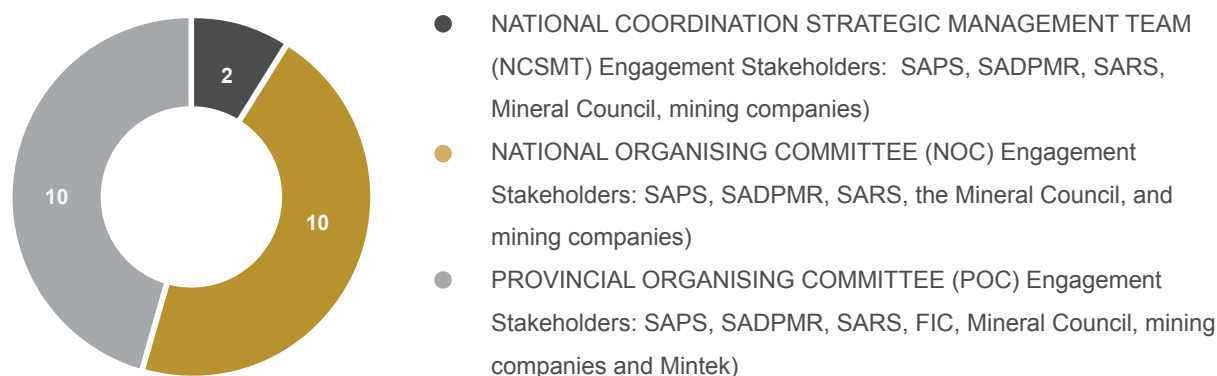
During the reporting period, the SADPMR submitted five refining companies for assessment to a stakeholder subcommittee comprising the FIC, SARS, DMPR, and other stakeholders. Feedback received indicated that some entities may be linked to money-laundering investigations, which are still ongoing.

Outcomes from POC and NOC engagements were escalated to the National Coordinating Strategic Management Team (NCSMT), which focuses on strategic coordination, regulatory strengthening, and

capacity-building initiatives, including specialised training programmes and legal support structures.

The SADPMR continued to actively participate in these coordination structures and joint enforcement initiatives aimed at preventing, detecting, and disrupting illicit trading in the diamond and precious metals sectors. These efforts included coordinated compliance operations, enforcement planning, and collaboration with law enforcement agencies in identified high-risk areas.

Figure 17: Breakdown of stakeholder interaction.



LINKING PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/ OBJECTIVE	2025/2026			2024/2025		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	82,236	82,069	166	79,593	85,214	(5,621)
Programme 2: Diamond Trade	15,634	15,382	252	17,446	17,238	(208)
Programme 3: Regulatory	30,031	29,902	129	31,637	31,109	(528)
Total	127,901	127,354	547	128,676	133,561	(4,885)

SADPMR demonstrated strong financial governance and effective expenditure management to ensure operational continuity despite the financial challenges. Stringent continuous cost-containment measures resulted in expenditure within approved budget allocations across all programmes.

4. REVENUE COLLECTION

SOURCES OF REVENUE	2025/2026			2024/2025		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Service fees	52,858	29,594	(23,264)	55,525	34,287	(21,238)
Licence fees	3,413	4,209	797	4,600	4,267	(333)
Interest received	3,600	2,916	(684)	3,876	4,373	574
Other income	126	689	564	137	343	206
Grant received	62,558	64,005	1,447	69,921	71,834	1,913
Total revenue	122,554	101,413	(21,141)	134,059	115,104	(18,878)

The SADPMR continued facing financial pressure due to the depressed diamond industry, resulting in a decline in revenue from service fees. SADPMR realised total revenue of R101.2 million during the year which is lower than the prior year (R115.1 million). Service fee revenue is 44% below budget due to depressed industry conditions and foreign exchange impacts.

The decrease in grant funding compared to the previous financial year was a result of budget reductions implemented by the National Treasury. The entity also received conditional grants from the TETA and MQA for the provision of stipends on learnership and internship programmes.

5. CAPITAL INVESTMENT

INFRASTRUCTURE PROJECTS	2025/2026			2024/2025		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	-	-	-	4,149	4,189	(40)
Motor vehicle	-	-	-	873	870	3
Furniture and fittings	280	280	-	1,088	1,082	6
Office equipment	1,135	1,135	-	14	10	4
Software	-	-	-	4,460	1,216	3,244
Security systems, machinery and safes	-	-	-	2,600	740	1,860
Total	1,416	1,416	-	13,184	8,107	5,077

Capital expenditure incurred in the 2025/26 period results from commitments entered into in the 2024/25 period. There were no new capital projects for the year under review due to financial constraints.



GOVERNANCE

1. INTRODUCTION

The SADPMR was established in terms of Section 3 of the Diamonds Amendment Act 29 of 2005 and is classified in terms of the PFMA, 1999, as a Schedule 3A state entity. The Diamonds Act of 1986, as amended, is the enabling legislation of the SADPMR.

Corporate governance encompasses the processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and runs in tandem with the principles contained in the King IV Report on Corporate Governance.

This Act provides for the objectives, functions, and role of the SADPMR. The Diamonds Act further makes provision for the appointment and composition of the Board of the SADPMR and the CEO as the accounting officer.

2. PORTFOLIO COMMITTEES

Parliament has an oversight role in the overall performance of the SADPMR. The Parliamentary Portfolio Committee (PPC) on Minerals and petroleum Resources reviews and oversees the SADPMR's functions and duties. The SADPMR presented its Annual Performance Plan and Budget on 22 April 2025 and the Annual Report for the 2024/2025 financial year to the PPC on 14 October 2025.

3. EXECUTIVE AUTHORITY

2024/2025 SUBMITTED	DOCUMENTS	DUE DATE FOR SUBMISSION	DATE SUBMITTED BY SADPMR	STATUS
QUARTER 1	PERFORMANCE AND FINANCIAL RESULTS.	31 JULY 2025	31 JULY 2025	COMPLETED
QUARTER 2	2024-2025 Annual Report and Financial Results	30/08/2025	30/08/2025	Completed
	Performance and Financial Results	31/10/2025	31/10/2025	
	2026-2027 Draft Budget and Strategic Plan Annexure & Annual Performance Plan	31/10/2025	31/10/2025	
QUARTER 3	Performance and Financial Results	31/01/2026	31/01/2026	Completed
	2026-2027 Final Budget and Strategic Plan Annexure & Annual Performance Plan	31/01/2026	31/01/2026	
QUARTER 4	Performance and Financial Results	30/04/2026	30/04/2026	Completed

4. THE ACCOUNTING AUTHORITY/BOARD

The SADPMR Board is duly appointed by the Minister of Mineral and Petroleum Resources in terms of Section 6 of the Diamonds Act, as amended, as the Accounting Authority (AA) of the entity. The Board comprises of non-executive members and the CEO of the SADPMR; the latter serves as an *ex officio* member of the Board. In terms of Section 6(1) of the Diamonds Act, the Board must ensure that the functions of the SADPMR are performed. In so doing, the objects of the SADPMR are achieved. The Board is responsible for the strategic direction and financial management of the SADPMR in terms of the PFMA.

4.1 THE ROLE, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD ARE AS FOLLOWS:

- Retaining full and effective control over the SADPMR and providing effective leadership in the best interest of the SADPMR;
- Informing and approving the strategies and strategic objectives of the SADPMR and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced as per Section 51 of PFMA;
- Determining and setting the tone of the SADPMR values, including principles of ethical business practice and the requirements of being a responsible corporate citizen;
- Bringing independent, informed and effective judgment to bear on material decisions of the SADPMR, including material SADPMR policies, the framework of delegated authorities,

- e. Satisfying itself that the SADPMR is governed effectively in accordance with corporate governance best practices, including risk management, legal compliance management, appropriate and relevant non-binding industry rules, codes and standards and internal control systems to:
 - i. maximise sustainable impact;
 - ii. safeguard the people, assets and reputation of the Entity; and
 - iii. ensure compliance with applicable laws and regulations;
- f. Monitoring the implementation by Board Committees and executive management of the Board's strategies, decisions, values and policies with a structured approach to governance, reporting, risk management, information management (including information technology) and risk-based auditing;
- g. Ensuring that there is an effective risk-based internal audit;
- h. Governing the disclosure control processes of the SADPMR, including ensuring the integrity of the SADPMR's Annual Report and reporting on the effectiveness of the SADPMR's systems for properly evaluating all major capital projects prior to a final decision on the project;
- i. Monitoring the relationship between SADPMR and internal and external stakeholders.

4.2 BOARD CHARTER

The SADPMR Board is governed by a charter that is reviewed annually. The Board Charter outlines the Board's responsibilities towards the SADPMR as stipulated in the Diamonds Act, as amended, the PFMA, and the King IV Report on Corporate Governance. The Board oversees the Strategic Plan, Annual Performance Plan, and Quarterly Performance Plans of the SADPMR and ensures that the entity achieves its strategic objectives as outlined in these plans.



4.2.1 COMPOSITION OF THE BOARD

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Mr. Abiel Mngomezulu	Board Chairperson	20/09/2024	<ul style="list-style-type: none"> • MSc (Engineering in Mining) • BSc Hons (Geology) 	Mining Value Chain Governance	<ul style="list-style-type: none"> • Tshikululu Social Investment and Trust 	Chairpersons Committee
Dr. Tshepo David Khoza	Non-Executive Board Member (Chairperson of the Committee)	20/09/2024	<ul style="list-style-type: none"> • PhD. in Geophysics • BSc Hons. in Geophysics • BSc. in Geology and Physics • Global Executive Development Programme 	Mining	<ul style="list-style-type: none"> • Moses Kotane Research Institute 	Transformation and Licensing Committee
Ms. Faith Tumelo Mokwena	Non-Executive Board Member	20/09/2024	<ul style="list-style-type: none"> • Master of Business Administration • Post Graduate Diploma: Business Administration • BTECH: Project Management • BTECH- Business Administration • National Diploma: Import and Export Management 	Mining	None	Transformation and Licensing Committee
Dr. Natalie Skeepers ▲	Non-Executive Board Member	20/09/2024	<ul style="list-style-type: none"> • Doctorate in Engineering Management (PhD) MPhil in HIV/AIDS • Management in the workplace • Master of Health and Safety and Environment Post Graduate Diploma in HIV/ AIDS • B.Tech Degree in Environmental Health • National Diploma in Public Health • Executive Development Programme with the University 	Health and Safety	<ul style="list-style-type: none"> • National Heritage Council • South African Maritime Safety Authority • Gateway Airport Authority Limited • Onderstepoort Biological Products 	Transformation and Licensing Committee
Ms. Nongcebo Ngcobo	Non-Executive Board Member (SARB Main member)	20/09/2024	<ul style="list-style-type: none"> • Master of Business Administration 	Commerce and Banking	None	Transformation and Licensing Committee
Ms. Kamogelo Manamela	Non-Executive Board Member (SARB Alternate member)	20/09/2024	<ul style="list-style-type: none"> • Master of Business Administration • B. Com (Honours Economics) • B. Com (Economics) Diploma in Central Banking • Bankers Associate Diploma 	Commerce and Banking	None	Transformation and Licensing Committee
Ms. Leanda-Marsha Mtshali	Non-Executive Board Member (chairperson)	20/09/2024	<ul style="list-style-type: none"> • Post Graduate Diploma: Corporate Law Bachelor of Laws Degree (LLB) (Admitted as an Attorney, Notary and • Conveyancer of the High Court of South Africa) 	Law	<ul style="list-style-type: none"> • Ports Regulatory of South Africa 	HR, Remuneration and Ethics Committee
Mr. Mawethu Cawe	Non-Executive Board Member	20/09/2024	<ul style="list-style-type: none"> • Master of Management in Human Resources • Post Graduate Diploma in Management • B A Degree Advanced Diploma in Labour Law 	Human Resources	None	HR, Remuneration and Ethics Committee

▲ Deceased - Her term ended in December 2025.

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Adv Leon Johannes Pretorius	Non-Executive Board Member	20/09/2024	• LLB B Proc (Admitted as an Advocate of the High Court of SA)	Legal	None	HR, Remuneration and Ethics Committee
Mr. Rangers Molapo	Non-Executive Board Member (NUM Main member)	20/09/2024	• Nated Course 2 HRM Certificate	Labour	None	HR, Remuneration and Ethics Committee
Mr. Dingindawo Sibeko	Non-Executive Board Member (NUM Alternate member)	20/09/2024	• Human Resource Management Legal Principle of Labour Law Trade Union Practice • Advanced Principles of Labour Law Assessor Learning Programme • Principles of Social Security	Labour	None	HR, Remuneration and Ethics Committee
Adv. Mmadikeledi Moloto	Non-Executive Board Member (DPMR Main member)	20/09/2024	• BJuris LLB	Mining and Law	None	HR, Remuneration and Ethics Committee
Ms. Fungai Mushohwe	Non-Executive Board Member (chairperson)	20/09/2024	• Masters in Business Administration, Chartered Accountant - CA(SA) • B Com Accounting (Hons) B Com Accounting	Finance, Audit and Risk	• Eastern Cape Dept of Transport • Eastern Cape Department of Sport, Recreation, Arts and Culture • Elundini Municipality • Senqu Municipality • Intsika Yethu Municipality	Finance, Audit and Risk Committee
Ms. Rebone Nkambule	Non-Executive Board Member (DMRE Alternate)	20/09/2024	• Masters in Extractive Industry in Africa BJuris	Mining and Law	• Petroleum Agency of SA	HR, Remuneration and Ethics Committee
Dr Aalia Casim	Non-Executive Board Member	13/08/2025	• PhD in Economics • MSc Development • Economics • B. Economic Sciences Honours • B.Com LLB- Economics and Law	Finance	None	Finance, Audit and Risk

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Mr. Norman Tinyiko Baloyi	Board member	20/09/2024	<ul style="list-style-type: none"> • Master of Philosophy in Development Finance • Master of Business Administration (MBA) • Master of Public Administration (MPA) • Master of Science in Electronics • Master of Science in Electrical Engineering • Leadership in Municipal Governance Postgraduate Diploma in Internal Auditing • Postgraduate Diploma in Risk Management • BSc (Hons) in Applied Accounting • BCom Honours in Industrial & Organisational Psychology, • BSc Honours in Computational and Applied Mathematics • BCom Honours in Human Resource Management • Higher Diploma in Computer Auditing Postgraduate Diploma in Business Management Bachelor of Commerce in Financial Management Bachelor of Commerce in Human Resources Management • Advanced Diploma in Accounting Sciences • Bachelor of Science in Computer Science and Information Systems • Bachelor of Science in Mathematics and Applied Mathematics • Data metrics Diploma in Computer Science • Diploma in Network Security 	Finance	<ul style="list-style-type: none"> • CENTLEC • South African Forestry Company (SAFCOL) 	Finance, Audit and Risk Committee
Ms. Nosiphiwo Mzamo	Non- Executive Board Member	20/09/2024	<ul style="list-style-type: none"> • Masters in Business Administration (MBA), Engineering Graduate Diploma, • Hons. BSc Degree & BSc Degree 	Mining	<ul style="list-style-type: none"> • CEO State Diamond Trader • Inyosi Coal • Ndonsa Mining • Khanyisa Mining 	Finance, Audit and Risk Committee
Mr. Cecil Khosa	Chief Executive Officer	20/09/2024	<ul style="list-style-type: none"> • Masters (Earth Sciences in Mining),BA Hons(Geography),BA (Geography),MDP 	Earth Sciences and Mining	<ul style="list-style-type: none"> • Jomela Consulting (Pty) Ltd 	All committees and Board

BOARD AND COMMITTEE MEETINGS ATTENDED

NAMES BOARD MEMBERS	TYPES OF MEETINGS				
	BOARD	CHAIRPERSONS COMMITTEE	FARC	TRANSFORMATION & LICENCING	HR, REMUNERATION & ETHICS
1. Mr. Abiel Mngomezulu	6/6	6/6	N/A	N/A	N/A
2. Dr. Tshepo David Khoza	5/6	6/6	N/A	4/4	N/A
3. Ms. Leanda-Marsha Mtshali	6/6	6/6	N/A	N/A	3/4
4. Ms. Fungai Mushohwe	6/6	5/6	6/6	N/A	N/A
5. Mr. Norman Tinyiko Baloyi ▲	6/6	1/1	6/6	N/A	N/A
6. Ms. Nosiphiwo Mzamo	3/6	N/A	2/6	N/A	N/A
7. Dr Aalia Cassim ▲	2/3	N/A	2/3	N/A	N/A
8. Ms. Faith Tumelo Mokwena ▲	2/6	N/A	N/A	3/4	N/A
9. Dr. Natalie Skeepers ▲	5/6	N/A	N/A	3/4	N/A
10. Ms. Nongcebo Ngcobo	4/6	N/A	N/A	4/4	N/A
11. Mr. Mawethu Cawe	5/6	N/A	N/A	N/A	4/4
12. Adv. Leon Johannes Pretorius	5/6	N/A	N/A	N/A	4/4
13. Mr. Rangers Molapo	4/6	N/A	N/A	N/A	4/4
14. Adv. Mmadikeledi Moloto	5/6	N/A	N/A	N/A	2/4
15. Ms. Kamogelo Manamela (Alternate)▲	1/1	N/A	N/A	N/A	N/A
16. Ms. Rebone Nkambule (Alternate)	0/0	N/A	N/A	N/A	N/A
17. Mr Dingindawo Sibeko (Alternate)	0/0	N/A	N/A	N/A	N/A
18. Mr. Cecil Khosa (CEO)▲	6/6	6/6	4/6	2/2	3/4

▲ Member attended on behalf of the Committee Chairperson

▲ Member was appointed on 13 August 2025

▲ Member was on leave for a certain period hence less number of meetings attended.

▲ Member passed on in December 2025

▲ Alternate member attended one meeting on behalf of the main member

▲ CEO attended other work-related commitments, such as Ministerial and PPC meetings

4.2.2 BOARD COMMITTEES

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Transformation and licensing committee	4	5	Mr T Khoza (Chairperson) Ms F Mokwena Dr N Skeepers (Deceased) Ms N Ngcobo Mr C Khosa (CEO) ▲
HR, remuneration and ethics committee	4	6	Ms L Mtshali (Chair) Mr M Cawe Adv L Pretorius Mr R Molapo Adv M Moloto Mr C Khosa (CEO) ▲
Finance, audit and risk committee	6	6	Ms F Mushohwe (Chairperson) Mr T Baloyi Ms N Mzamo Dr A Cassiem Mr C Khosa (CEO) ▲ Mr B Mnguni (Independent Member)
Chairpersons committee	6	5	Mr A Mngomezulu Mr T Khoza Ms L Mtshali Ms F Mushohwe Mr C Khosa (CEO) ▲

Mr Khosa (CEO) as an Ex-Officio is part of all committees. ▲

4.3 REMUNERATION OF BOARD MEMBERS

The National Treasury reviews the Board fees of public entities annually and submits the revised rates to the respective Executive Authorities (Government Departments) for further review and dissemination to their various entities for implementation. The Minister of the Department of Minerals and Petroleum Resources (DMPR) issued a circular that provides for the fees for the SADPMR. These fees are the remuneration levels for Non-Executive Directors, which cover the preparation for and attendance at Board meetings. PFMA, 1999(Act No1 of 1999), as amended, prescribes that Non-Executive Directors who serve on a Board of a State-Owned Entity (SOE), who are in a full time employment of the State, including those employed by the SOE and State Agencies, should not be paid any remuneration for service rendered by him/her as a Board Member of that particular SOE.

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mr MA Mngomezulu	123,369	110,179	-	233,548
Dr T Khoza	112,430	8,338	-	120,768
Mrs F Mushohwe	130,224	25,632	-	155,856
MR M Cawe	65,902	16,020	-	81,922
Adv L Pretorius	62,734	16,020	-	78,754
Mr R Molapo	55,824	16,676	-	72,500
Ms F Mokwena	33,530	-	-	33,530
Dr N Skeepers	58,544	-	-	58,544
Ms L Mtshali	103,548	8,010	-	111,558
Mr T Baloyi	81,344	18,671	-	100,015
Mr B Mnguni	36,428	20,010	-	56,438

SADPMR BOARD



Mr MA Mngomezulu
(Board Chairperson)



Ms L Mtshali
(Chairperson: HR,
Remuneration and Ethics)



Dr T Khoza
(Chairperson: Transformation
and Licensing)



MS F Mushohwe
(Chairperson: Finance,
Audit and Risk)



Ms T Mokwena
(Board member)



Ms N Ngcobo
(Board member)



Dr N Skeepers
(Deceased)



Mr C Khosa
(Ex-Officio)



Dr Aalia Cassim
(Board Member)



Mr T Baloyi
(Board member)



Ms N Mzamo
(Board member)



Mr Mnguni
(Finance, Audit and Risk
Committee Independent Member)



Mr R Molapo
(Board member)



Adv M Moloto
(Board member)



Adv L Pretorius
(Board member)



MR M Cawe
(Board member)



Adv P Motsepe
(Company Secretary)

5. RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK AND CULTURE

The SADPMR maintains a structured and proactive risk management system that supports the achievement of its strategic and operational objectives. During the 2025/2026 financial year, management continued to embed a risk-aware culture across the organisation, promoting accountability and ethical conduct at all levels.

Risk management is integrated into planning, operational decision making and performance monitoring, with management regularly reporting on risk exposure and mitigation through governance structures.

CAPACITY AND ROLES

The entity remains adequately capacitated to manage risks, within existing resource constraints. Employees are informed of their risk management roles through induction processes, internal communication, and operational procedures. Senior management retains responsibility for identifying, managing and reporting risks within their functional areas.

Where capacity constraints exist, these are disclosed as operational risks and addressed through prioritisation, skills development and governance oversight.

RISK MANAGEMENT DOCUMENTATION

The SADPMR has updated, approved and communicated the following risk management instruments:

- Risk Management Framework;
- Risk Management Policy;
- Risk Management Steering Committee Terms of Reference.

These documents are reviewed periodically to ensure alignment with the entity's operating environment, legislative requirements and strategic priorities.

RISK ASSESSMENT AND MONITORING

The SADPMR conducts regular enterprise-wide risk assessments, typically annually, with quarterly reviews to monitor changes in risk exposure. These assessments evaluate the effectiveness of existing controls and identify

new and emerging risks arising from financial pressures, regulatory changes and operational developments.

Risk registers are updated accordingly and form part of quarterly performance and governance reporting to the Board and the Executive Authority.

GOVERNANCE OVERSIGHT

The Board has established a Finance Audit and Risk Committee (FARC), which assists it in discharging its oversight responsibilities by:

- Reviewing the adequacy and effectiveness of the risk management system;
- Monitoring key strategic and operational risks and mitigation actions; and
- Ensuring that risks remain within the approved risk appetite.

The FARC provides independent assurance by advising the Board on risk management from an internal control, compliance, and assurance perspective, and by monitoring the effectiveness of the overall risk management system.

PROGRESS IN RISK MANAGEMENT

During the year under review, the SADPMR recorded measurable progress in the management of identified risks, particularly in governance controls, compliance monitoring, and financial oversight. However, certain high-impact risks, especially those related to financial sustainability and funding adequacy, remain as areas of concern.

Where risk management interventions have not yet fully translated into improved performance, the entity has developed targeted action plans focusing on cost containment, operational efficiency and long-term sustainability measures.

The Board confirmed that the SADPMR has adopted and adheres to an approved risk appetite statement, and that risks are managed within acceptable tolerance levels, subject to ongoing monitoring by the FARC and ultimately reported to the Board.

6. INTERNAL AUDIT

PURPOSE AND MANDATE

The purpose of Internal Audit is to provide assurance to management and the Finance, Audit and Risk Committee on the adequacy and effectiveness of internal controls, risk management, and governance processes. The mandate is derived from PFMA, Treasury Regulations, and the approved Internal Audit Charter.

STRATEGY OF THE INTERNAL AUDIT FUNCTION

The Internal Audit strategy is risk-based and aligned to the organisation's strategic objectives. It focuses on high-risk areas such as financial management, supply chain management (SCM), ICT controls, and compliance with legislative requirements, while remaining flexible to address emerging risks.

CHARTER, METHODOLOGY AND INTERNAL AUDIT PLANS

Internal Audit operates under an approved Internal Audit Charter, which defines its authority, roles, and responsibilities. Audits are conducted using a risk-based methodology in line with professional standards. Annual and multi-year rolling internal audit plans are developed based on the organisation's risk assessment and approved by the Finance Audit and Risk Committee.

INDEPENDENCE AND OBJECTIVITY

The Internal Audit Function maintains independence by reporting functionally to the Finance Audit and Risk Committee and administratively to the CEO. Objectivity is ensured through unrestricted access to records, personnel, and systems, and by avoiding involvement in operational decision-making.

INTERNAL AUDIT MODALITY

The Internal Audit Function operates through an in-house model. Co-sourcing is applied when external service providers are engaged to supplement internal capacity and provide specialised skills for ICT system audits.

STAFFING

The function is staffed with appropriately qualified and experienced personnel with skills in auditing, risk management and finance. Continuous professional development is encouraged to ensure competency and alignment with evolving public sector regulations and compliance with the auditing standards.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)

A Quality Assurance and Improvement Program is in place to ensure that Internal Audit activities conform to professional standards. This includes ongoing internal assessments and periodic external quality reviews to enhance performance and effectiveness.

STAKEHOLDER RELATIONSHIPS

Internal Audit maintains effective working relationships with key stakeholders, including management, the Finance Audit and Risk Committee, Risk Management and External Auditors. Regular communication ensures alignment and transparency.

COMBINED ASSURANCE

The Internal Audit Function supports the combined assurance model by coordinating assurance activities across management, risk management, compliance, and external assurance providers. This approach minimises duplication of effort and ensures comprehensive coverage of key risks.

VALUE ADD OF INTERNAL AUDITING

Internal Audit adds value by identifying control weaknesses, recommending improvements, enhancing risk management practices, and supporting better governance. It contributes to improved audit outcomes, reduced irregular expenditure, and strengthened accountability.

Planned and completed audits

PLANNED AUDITS (11)	COMPLETED AUDITS (11)
Regulatory Compliance (Regulations and Inspectorate)	Regulatory Compliance (Regulations and Inspectorate)
Trade (DV and DEEC)	Trade (DV and DEEC)
Corporate Services (Human Resources)	Corporate Services (Human Resources)
Corporate Services (ICT)	Corporate Services (ICT)
Finance (including Supply Chain Management)	Finance (including Supply Chain Management)
Audit of performance information (Q1)	Audit of performance information (Q1)
Audit of performance information (Q2)	Audit of performance information (Q2)
Audit of performance information (Q3)	Audit of performance information (Q3)
Audit of performance information (Q4)	Audit of performance information (Q4)
Governance (Fleet Management)	Governance (Fleet Management)
Follow up on Internal Audit findings action plan	Follow up on Internal Audit findings action plan
Follow up on AGSA findings action plan	Follow up on AGSA findings action plan

Audits rolled over

There are no audits that were rolled over

Ad hoc projects

Audit of supply chain contracts

Status of audit findings addressed

	NUMBER OF FINDINGS	TOTAL ADDRESSED	NOT YET DUE	TOTAL NOT ADDRESSED	NO. OF RECURRING FINDINGS LAST 3 FINANCIAL YEARS
IA Findings	36	35	0	1	7
AGSA Findings	10	10	0	0	2

7. AUDIT COMMITTEE

7.1 PURPOSE AND MANDATE

The overall objective of the Finance, Audit, and Risk Committee is to assist management with the creation and maintenance of an effective control environment within the SADPMR. This includes financial control, accounting systems and reporting, identifying material risks, and giving them the attention they require.

7.2 INDEPENDENCE (INCLUDING AFFIRMING WHETHER THE COMMITTEE IS SATISFIED THAT ALL MEMBERS ARE FREE FROM CONFLICTS OF INTEREST)

Members submitted their annual financial declaration to the DMPR as required. They are also declaring conflict of interest in each and every meeting of the committee as well as other tasks that needs declarations.

7.3 PROTECTING THE INDEPENDENCE OF THE INTERNAL AUDIT FUNCTION

The Internal Audit reports functionally and to the committee and administratively to the CEO. The Committee had several In-Committee meetings with the Internal Audit wherein audits reports are discussed prior to the Committee meetings which included management members.

7.4 COMPOSITION OF THE AUDIT COMMITTEE (INCLUDING AFFIRMATION THAT MEMBERS' ADDITIONAL RESPONSIBILITIES OUTSIDE THE AUDIT COMMITTEE DO NOT IMPAIR THEIR ABILITY TO SERVE EFFECTIVELY)

- The Committee comprises at least four members of the Board.
- In appointing members of the Committee, the Board considered the scope of work of the Committee and appointed members who have an extensive financial background to effectively serve on Committee:

- Committee members are non-executive members, each of whom is free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee. Each committee member shall be financially literate, and at least one member shall be designated as the “financial expert”.
- The CEO (Ex-Officio) or his nominee(s) is the SADPMR’s representative on the Finance, Audit and Risk Committee.
- The term of office of the non-executive members shall be in line with the term of the Board that appointed them.
- In addition, officials from the Office of the Auditor-General were invited to meetings as independent observers.
- The Senior Internal Auditor and the Chief Financial Officer are invited to all the meetings of the Audit Committee.
- The SADPMR Board appointed one (1) Independent member/s of the Finance, Audit and Risk Committee, who has extensive experience in the financial and audit matters and will serve for the period for which they were appointed by the Board.
- The Chairperson of the Committee was appointed by the Board. If the Chairperson of the Committee is unavailable, the members of the Committee designate a chairperson by majority vote or by consensus.

7.5 MEETING ATTENDANCE

- All committee members are expected to attend all meetings. The committee shall reserve the right to invite the attendance of any official or employee of the SADPMR for a specific purpose.
- The Committee Chairperson, in collaboration with the CEO, may invite to the committee meetings any member of management or other personnel of the SADPMR or any third party, as he/she deems it appropriate to carry out the responsibilities of the committee.
- The Committee may invite to its meetings industry experts or any third party that the Committee may deem to be appropriate for carrying out its responsibilities.
- Two-thirds of committee members may request that the Committee Chairperson, in consultation with the Board Chairperson, call a special meeting of the committee to discuss urgent matters.
- The committee may meet with the SADPMR Senior

Internal Auditor and Auditor-General in separate sessions to discuss any matters that the committee or each of these groups believe should be discussed privately (In-Committee meetings).

7.6 REPORTS TO THE ACCOUNTING AUTHORITY AND EXECUTIVE AUTHORITY

The committee presents its quarterly and special meeting reports to the Board for discussion and approval. The committee makes recommendations to the Board on matters which needs approval.

7.7 STAKEHOLDER RELATIONSHIPS

The committee had a professional relationship with the AGSA. External Auditors were invited to different meetings of the committee and the Board to make presentations.

7.8 CONCERNS RAISED WITH ACCOUNTING AUTHORITY, EXECUTIVE AUTHORITY, RELEVANT TREASURY OR AUDITOR-GENERAL

During the reporting time, the committee did not have concerns raised with the Accounting Authority and Executive Authority.

The committee had an In-Committee meetings with AGSA and the Internal Audit after the external audit processes to discuss areas of concern and matters that should be improved.

7.9 RESOLUTION OF AUDIT COMMITTEE RECOMMENDATIONS

Resolutions and Recommendations of the Finance, Audit and Risk committee are discussed at the Chairpersons committee and later to the Board for discussion and approval.

7.10 AUDIT COMMITTEE PERFORMANCE EVALUATION

Finance, Audit and Risk committee performance is assessed annually together with other Board committees and the Board by an independent service provider. The Board assessment report and the action plan was submitted to the Executive Authority as per the requirements of the Department of Minerals and Petroleum Resources State Entity Oversight Unit calendar.

COMPOSITION OF THE AUDIT COMMITTEE AND MEETING ATTENDANCE

The table below discloses relevant information on the audit committee members

Name (Full Name and Surname, including professional titles)	Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of meetings attended 20YY/ZZ		Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
			Start date	End date	Ordinary Meetings	Special Meetings				
Ms Fungai Mushohwe	<ul style="list-style-type: none"> • Master's in business administration • B Com Accounting (Hons) • B Com Accounting 	Chartered Accountant - CA(SA)	20/09/2024	To date	6/6	0	Yes	-	None	4
Mr Norman Baloyi	<ul style="list-style-type: none"> • Master of Philosophy in Development Finance • Master of Business Administration (MBA) • Master of Public Administration (MPA) • Master of Science in Electronics • Master of Science in Electrical Engineering Leadership in Municipal Governance • Postgraduate Diploma in Internal Auditing • Postgraduate Diploma in Risk Management • BSc (Hons) in applied Accounting • BCom Honours in Industrial & Organisational Psychology, • BSc Honours in Computational and Applied 		20/09/2024	To date	6/6	0	Yes	-	None	2

Name (Full Name and Surname, including professional titles)	Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of meetings attended 20YY/ZZ		Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
			Start date	End date	Ordinary Meetings	Special Meetings				
Dr Aalia Cassim	<ul style="list-style-type: none"> • PhD in Economics • MSc Development Economics • B.Economic Sciences Honours • B.Com LLB- Economics and Law 		13/08/2025	To date	2/3	0	Yes	Yes	None	1
Ms Nosipho Mzamo	<ul style="list-style-type: none"> • Masters in Business Administration (MBA), Engineering Graduate Diploma • Hons. BSc 		20/09/2024	To date	2/6	0	Yes	Yes	None	2
Mr Bongani Mnguni	<ul style="list-style-type: none"> • Bachelor of Technology, Internal Auditing • National Diploma, Internal Auditing • Institute of Internal Auditors SA • Certified Internal Auditing 		03/05/2025	To date	6/6	0	Yes	-	None	

REMUNERATION OF AUDIT COMMITTEE MEMBERS

Members of the Finance, Audit and Risk Committee who were not in full-time employment of the State or the SADPMR were paid Committee fees as determined by the Minister of Finance and supported by the Minister of Minerals and Petroleum Resources. Members who were in full-time employment with the State or the SADPMR were not paid such compensation and allowances while performing Board functions.

Finance, Audit and Risk Committee expenditure for the reporting period was R 312 309.00.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The entity ensures compliance with the National Treasury Regulations through a regularly reviewed PFMA compliance checklist and compliance calendar. A dedicated Risk and Compliance Unit, guided by a regulatory universe, oversees adherence to applicable laws and regulations and ensures that effective internal controls are in place. The entity complied with all relevant legal and regulatory requirements during the financial year and fulfilled its reporting obligations by submitting quarterly and annual reports to the Department of Planning, Monitoring and Evaluation (DPME) and the Department of Mineral and Petroleum Resources (DMPR).

9. FRAUD AND CORRUPTION

The primary purpose of a fraud management plan is to proactively prevent, detect, and respond to fraudulent activities within an organisation. It aims to reduce the risk of financial losses, protect the organisation's reputation, and ensure compliance with legal and ethical standards.

The rationale is to be engaged rather than compliant in long-term development to build an ethical culture. Encouraging partnership with law enforcement agencies by strengthening governance systems. The Security Risk Management division follows the National Vetting Strategy as a cornerstone, with guidance from the State Security Agency, which played a pivotal role in this aspect. The whistle-blowing policy is one of the mechanisms developed to promote transparency and accountability. This financial year's presentation was conducted in terms of awareness to employees. Measuring the aforementioned mechanism is through the fraud risk assessments. Therefore, we duly report that this financial year, there were no cases of fraud and corruption reported.

10. MINIMISING CONFLICT OF INTEREST

The SADPMR upholds the principle of transparency and accountability, in line with the requirements of the Public Finance Management Act (PFMA). This includes the segregation of duties in financial transactions and procurement processes to minimise the risk of conflict of interest. Employees involved in procurement activities

(such as bid committees) and recruitment processes (such as recruitment and selection) are required to formally declare, in writing, any existing or potential conflicts of interest. Examples include personal associations or relationships with directors of companies participating in bids, or relationships with candidates under consideration. These measures ensure compliance with the PFMA and strengthen integrity in organisational governance.

The SADPMR reduces the risk of conflicts of interest by requiring all employees to declare their business interests annually. This practice is aligned with the approved Code of Conduct and Ethics Policy, ensuring transparency, accountability, and adherence to governance standards. By enforcing these declarations, the entity safeguards its integrity, promotes ethical conduct, and maintains public trust in its operations. Conflicts of interest may be identified through annual declarations, internal audits, whistleblowing reports, bid evaluation processes and such matters are formally reported to management for appropriate action.

11. CODE OF CONDUCT

The SADPMR's code of conduct and good practices were adhered to by employees to enhance professionalism and ethical conduct within the entity.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The health and safety programme at SADPMR aims to promote wellness and prevent workplace injuries in compliance with the Occupational Health and Safety Act 85 of 1993 and the Compensation for Occupational Injuries and Diseases Act (COIDA) No 130 of 1993, including the policy. All these legislative frameworks enhanced the accountability for zero-harm to employees in an organisation. Despite the disruption caused by the incident that happened on the 13th February 2026, the operations were not affected by implementing a contingency plan.

Continuous measures are in place for the Health and Safety Committee; presentations and evacuation drills are conducted in terms of the legislative requirements.

13. COMPANY /BOARD SECRETARY

The Board of the SADPMR is appointed in terms of Section 6 of the Diamonds Act, as amended, and is assisted by the Company Secretary. The Company Secretary coordinates the following items on behalf of the Board:

- Annual schedule and compliance calendar;
- Overall administrative support and record-keeping of all proceedings of meetings;
- Advice and guidance on corporate governance matters; and
- Continuous training around corporate governance principles.

These are carried out in accordance with the Diamonds Act, the PFMA, and the King IV Report on Principles of Good Corporate Governance. The Company Secretary ensures that the Board reviews and approves all quarterly and annual performance reports, quarterly and annual financial results, five-year strategic plans, the mid-term expenditure framework, and the annual report. It is the responsibility of the Company Secretary to submit the Board-approved documents to the executive authority as required by the PFMA.

14. SOCIAL RESPONSIBILITY

The SADPMR hosted its first school tour, welcoming learners from a rural area in KwaZulu-Natal. The purpose of the visit was to expose students to opportunities in the diamond and precious metals sector and to highlight broader career paths in the industry.

During the year under review, the SADPMR received an award from Tshegofatsa Rona Welfare in recognition of its role in combating gender-based violence (GBV). Tshegofatsa Rona Welfare and Community Organisation is a Kempton Park-based non-profit organisation (NPO) that provides a haven for victims of GBV, including abused women, children, and abandoned infants.

The SADPMR also conducted outreach visits to schools for learners with disabilities to promote its services and encourage greater participation from persons with disabilities in the sector. These workshops were held at Skyline Combined School and Con Amore School. In addition, the SADPMR presented and participated in the annual advocacy week held across schools in the Bojanala District Municipality, promoting career opportunities in jewellery manufacturing, metallurgy, and mechanical engineering.



15. FINANCE AUDIT AND RISK COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

We are pleased to present our report for the financial year ended 31 March 2026.

PART 1: FINANCE AUDIT AND RISK COMMITTEE REFLECTIONS

Chairperson's Reflections

During the 2025/26 financial year, the Finance Audit and Risk Committee maintained oversight, independence, and strategic focus to ensure governance, effective risk management, and sound financial management across the South African Diamond and Precious Metals Regulator (SADPMR).

Operating with absolute independence, the committee maintained a strategic oversight role, prioritising critical business risks, governance structures, and system efficiency while continuously providing guidance to executive management and the Board on strategic risk exposures, internal controls, and legislative compliance. The committee actively monitored conflicts of interest within its own ranks by enforcing annual declarations of interest for all members.

Stakeholder relations were upheld with executive management, internal audit, and the Auditor-General of South Africa (AGSA) to foster a cohesive, combined assurance environment, while the operational independence and organisational positioning of the Internal Audit Function were fully safeguarded.

Furthermore, the committee consistently submitted quarterly written reports to the Board after each meeting to highlight key deliberations, risks, and proposed solutions. Finally, through an independent self-assessment of its performance, competence, and charter execution, the committee evaluated its own effectiveness and concluded that it successfully fulfilled all mandated oversight responsibilities throughout the period under review.

Finance Audit and Risk Committee Responsibilities

The Finance Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. The Finance Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Finance Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

The committee recognises its duty to serve the public interest and confirms that it has diligently upheld this critical responsibility. Has functioned without hindrance, limitations or threats to its independence throughout the reporting period.

The committee has internalised the relevant requirements of the Global Internal Audit Standards™ (GIAS) in its work and aligned both the Internal Audit Function and the Finance Audit and Risk Charters accordingly. The committee confirms that it applied professional scepticism in the execution of its duties, critically evaluating information placed before it, requesting additional supporting evidence when necessary, and continuously assessing whether internal audit, management, and other providers of assurance maintained high ethical and professional standards.

PART 2: FINANCE AUDIT AND RISK COMMITTEE FOCUS AREAS

The Finance Audit and Risk Committee evaluated and concluded on the following key focus areas during the year under review:

1. Effectiveness of the Internal Control Systems

In line with the PFMA, Internal Audit provides the Finance Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process, as well as by identifying corrective actions and suggested enhancements to the controls and processes.

During the year, various reports of the Internal Auditors and Auditor General South Africa (AGSA) indicated that the system of internal control has shortcomings in limited areas. Management is in the process of implementing the recommendations, and their status is monitored by the committee.

2. Effectiveness of the Internal Audit Function

The committee has an oversight responsibility for the in-house Internal Audit function. As delegated by the Board, the committee reviews and approves the Internal Audit Charter annually. The Internal Audit function is responsible for reviewing and providing assurance on the adequacy of internal controls. It therefore plays an integral role in sound corporate governance. The committee reviewed the activities of the Internal Audit function, including its annual work programme, coordination with external auditors, reports on significant audit engagements, and management's responses to issues raised therein.

The Internal Audit completed its 2025/26 annual plan as approved by the Finance, Audit, and Risk.

3. Effectiveness of Risk Management

The Board has assigned the oversight of the risk management function to the committee.

An approved risk management framework and policy have been adopted. A risk management process was implemented by management, wherein risk assessments are conducted quarterly and updated annually by the Internal Audit function at both the senior management and Board levels. The committee has reviewed the risk register and reports from management's risk committee.

4. Reliability and Accuracy of Financial and Performance Information

The committee reviewed all quarters and is satisfied with the content and quality of quarterly financial reports prepared by management during the year under review, in compliance with the statutory reporting framework.

The committee has been advised that management has submitted the quarterly financial reports for the year under review, in compliance with the statutory reporting framework.

5. Adequacy and Effectiveness of ICT Governance

The committee reviewed ICT risks, cybersecurity measures, disaster recovery testing, and IT alignment with enterprise strategy. ICT governance frameworks are functioning adequately,

though continuous monitoring of cyber threat management and infrastructure maintenance remains required.

6. Accounting and Auditing Concerns Identified

The committee monitored findings raised in both internal and external audit reports. The committee has reviewed the AGSA's Management Report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the AGSA. The committee will review the action plan and monitor its implementation during the quarterly committee meetings.

7. Compliance with Legal and Regulatory Provisions

The AC reviewed the entity's regulatory compliance framework, focusing on PFMA, Treasury Regulations, and industry-specific statutory requirements. The entity generally complied with applicable laws and regulations, with no material instances of legal non-compliance identified during the year.

8. Combined Assurance

The combined assurance framework was approved by the committee on the 21 July 2026. The committee will ensure that there is optimal coordination among management, internal assurance providers and external assurance providers.

9. Evaluation of the Annual Financial Statements

- The committee has reviewed the audited financial statements for the year ended 31 March 2026 for the South African Diamond and Precious Metals Regulator and has discussed matters of concern with management, the AGSA as well as the Chief Executive Officer.
- The committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.
- The committee has reviewed adjustments resulting from the audit as part of the review of the audited financial statements and performance information
- The committee hereby indicates its concurrence with the AGSA's conclusion on the annual financial statement and performance information, as well as the unqualified audit opinion of the AGSA.

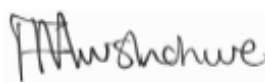
10. Auditor-General's Report

The committee concurs with and accepts the Auditor General's conclusion and audit opinion on the annual financial statements and performance information. The committee notes the independence of the AGSA.

We congratulate Management on obtaining an unqualified opinion with no material findings, and we wish to thank all stakeholders for their cooperation and assistance.

We met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

On behalf of the Finance Audit, and Risk Committee



Ms F Mushohwe

Chairperson: Finance, Audit and Risk Committee

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

HAS THE DEPARTMENT/PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARD TO THE FOLLOWING:		
CRITERIA	RESPONSE YES / NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The B-BBEE provisions in the relevant legislation were set aside by a court of law.
Developing and implementing a preferential procurement policy?	Yes	SADPMR developed and implemented a procurement policy that incorporates the 2022 Preferential Procurement Regulations. The policy seeks to target enterprises owned by historically disadvantaged groups such as Black people, women, youth, and people living with disabilities.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	This is not applicable to SADPMR, as we are not mandated to sell state-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	Not relevant to the business of the SADPMR.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not relevant to the business of the SADPMR.

The entity remains committed to advancing the objective of B-BBEE and continues to strengthen transformation initiatives in line with applicable legislative and regulatory requirements. During the reporting period, the entity maintained satisfactory compliance with B-BBEE requirements by implementing procurement practices that support Black-owned and Black women-owned enterprises, supplier development initiatives, and inclusive employment equity and skills development. The entity is a level seven contributor to B-BBEE based on the verification that was conducted in the 2024/25 financial year.



HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The SADPMR recognises that its employees are the driving force behind the achievements within the industry. Positioned at the heart of this success, the Human Resources Division plays a strategic role in enabling the SADPMR to fulfil its mandate

Highlights: The HR function at SADPMR prioritised staff development, workforce planning, and employee wellness to support the entity's goals despite financial constraints. Recruitment strategies included appointing two additional interns through the discretionary grant from MQA funding, increasing the number of University graduates and TVET College students from 24 to 26, through partnerships with the Mining Qualification Authority (MQA), Transport Education Training Authority (TETA), and National School of Government (NSG). The SADPMR continued to implement performance management frameworks which ensured accountability and alignment with objectives, whilst wellness programmes and policy updates covering the Remuneration, Recruitment and Selection, and

Performance Management Development System policies were conducted in order to strengthen compliance and governance.

Key achievements included staff development targets from 5 to 23, successful completion of the Workplace Coach programme by five (5) persons, and the completion of ten (10) University graduate students on a twenty-four (24) -month Internship programme and eight (8) TVET College students on an eighteen (18)-month Work-Integrated Learning programme. Further notable accomplishments included four (4) staff members completing advanced qualifications: a Master of Business Administration, a Master of Business Leadership, a Master of Science in Applied Science specialising in Metallurgy, and a Master of Arts in Security Management.

Looking ahead, HR aims to enhance talent management, prioritise filling strategic vacant positions in core and support business areas, expand wellness initiatives, and inculcate a culture of continuous learning to build a resilient and capable workforce.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

The below reflects the personnel cost per programme.

Table 1: Personnel cost per programme

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)		(R'000)
Administration	82,069	45,089	46	980
Diamond trade	15,382	14,387	22	654
Regulatory compliance	29,902	29,641	38	780
TOTAL	127,354	89 117	106	841

2.2 PERSONNEL COST BY SALARY BAND

The table below depicts the personnel costs per salary band.

Table 2. Personnel costs per salary band

SALARY BAND	PERSONNEL EXPENDITURE	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)	#	(R'000)
Top management	11 991	13%	5	2 398
Senior management	15 820	18%	10	1 582
Professional qualified	24 987	28%	25	999
Skilled	26 372	30%	40	659
Semi-skilled	8 652	10%	22	393
Unskilled	1 295	1%	4	324
TOTAL	89,117	100	106	841

2.3 PERFORMANCE REWARDS

There were no performance rewards or incentives paid by the entity in the period under review as per the table below:

Table 3. Performance rewards

Performance reward per salary band

2025/26 	No Rewards 0	0 Top management 0 Senior management 0 Professional qualified 0 Semi-skilled 0 Skilled 0 Unskilled
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2.4 TRAINING COSTS

Table 4 (below) shows the personnel training and bursary expenditures per programme

Table 4. Personnel training and bursaries expenditure per programme

PROGRAMME	PERSONNEL EXPENDITURE	TRAINING EX-PENDITURE	TRAINING EX-PENDITURE AS A PERCENTAGE OF PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)	(R'000)		(R'000)
Administration	45,089	474	60%	10	83
Diamond trade	14,387	200	20%	5	57
Regulatory compliance	29,641	117	20%	6	46
TOTAL	89,117	791	100%	21	38

The training fees recorded in the table above were funded by MQA SETA for the Management Development Programme and the Workplace Coach Programme.

2.5 INTERNSHIP AND WORK-INTEGRATED LEARNERS' PROGRAMME

Table 5(a). The number of interns in the 2025/2026 financial year

								FOREIGN NATIONALS	
A	C	I	W	A	C	I	W	MALE	FEMALE
3	0	0	0	7	0	0	0	0	0

Table 5(a) above illustrates the number of 10 interns in the 2025/26 financial year. However, the entity was not able to absorb these interns due to the persistent financial constraints of the SADPMR

**8 Interns funded through SADPMR budget*

**2 Interns funded through MQA*

A = Africans; C = Coloureds; I = Indians; W = Whites

Table 5(b) below illustrates the number of students from TVET Colleges in the 2025/26 financial year. By the end of March 2025, the employer had 8 TVET College Students after the 18-month contract, with three TVET College students from the existing contract getting employment offers beyond the SADPMR work-integrated learning programme.

Table 5(b). The number of TVET College students in the 2025/2026 financial year, as funded through TETA

								FOREIGN NATIONALS	
A	C	I	W	A	C	I	W	MALE	FEMALE
1	0	0	0	7	0	0	0	0	0

A = Africans; C = Coloureds; I = Indians; W = Whites

2.6 EMPLOYMENT AND VACANCIES EMPLOYMENT CHANGES

Table 6. Number of approved, filled, and vacant positions per programme

PROGRAMME	2025/26 NUMBER OF EMPLOYEES (BUDGET R'000)	2025/26 APPROVED POSTS	2025/26 NUMBER OF EMPLOYEES	2025/26 VACANCIES	PERCENTAGE OF VACANCIES
Administration	45,089	50	46	4	8%
Trade	14,387	24	22	2	8%
Regulatory compliance	29,641	52	38	14	27%
TOTAL	89,117	126	106	20	43%

The number of vacated posts between April 2025 and March 2026 was three (3), which adds to the existing list of eleven (11) unfunded vacant posts.

2.7 EMPLOYMENT CHANGES

Table 7 (below) reflects that the number of full-time personnel employed at the beginning of the financial year was 109 whilst at the end of March 2026 was 106

Table 7. Number of full-time personnel employed at the beginning of the financial year.

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS/ MOVEMENTS	TERMINATIONS/ MOVEMENTS	EMPLOYMENT AT END OF PERIOD
Top management	5	0	0	5
Senior management	10	0	0	10
Professional qualified	25	2*	2*	25
Skilled	41	0	1**	40
Semi-skilled	23	0	1**	22
Unskilled	5	0	1**	4
TOTAL	109	2	5	106

*Movement within the SADPMR Structure: The official previously serving as Licensing Administrator has been promoted to the position of the CEO's Personal Assistant, while the official who held the post of Specialist Inspector has been promoted to the CEO's Office Manager. Both vacated positions remain unfilled at this stage. Importantly, these changes have not affected the overall statistics of professionally qualified staff.

**Represent the employee terminated in the employment system of the SADPMR.

2.8 REASONS FOR STAFF LEAVING

Table 8 below demonstrates the number of personnel posts terminated during the year under review. Of the three vacated posts, only one was filled, and the other two remained unfilled in the year under review due to financial constraints.

Death(1), Early Retirement(1) and resignation (1)



2.9 NATURE OF DISCIPLINARY ACTION

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

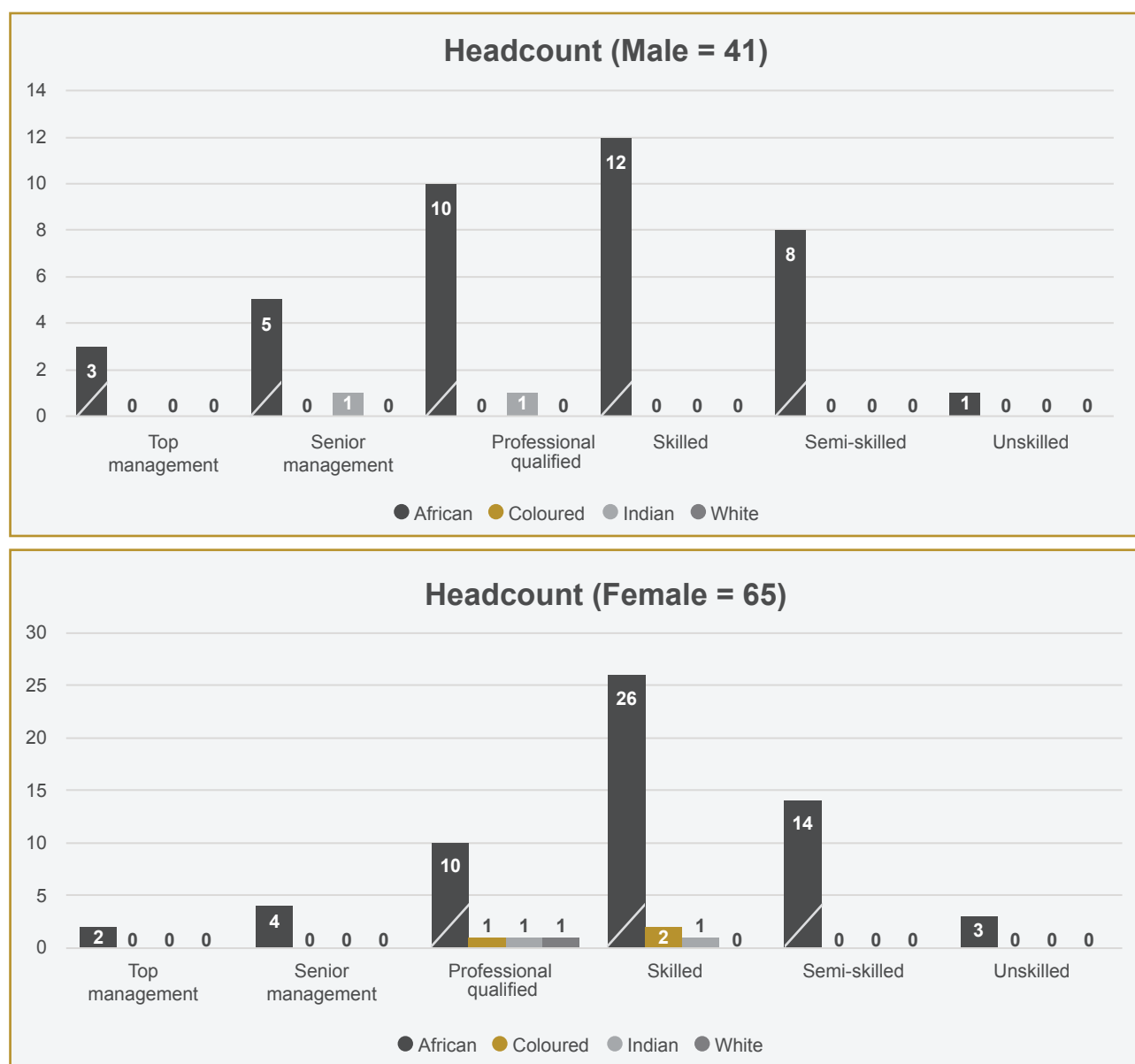
Table 9 illustrates the total number of corrective measures/consequence management taken during the year under review.

SANCTIONS	NUMBER
Verbal Warning	1
Written Warning	4
Final Written Warning	1
Dismissal	0
Total	6

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Table 10 (below) illustrates that, as of 31 March 2026, the employment equity staffing ratios are at 99.1% Black against 0.9% White; 61.3% females against 38.7% males; and 57.5% involved in core functions against 42.5% support-function staff. The SADPMR headcount is 106.

Table 10. SADPMR headcount



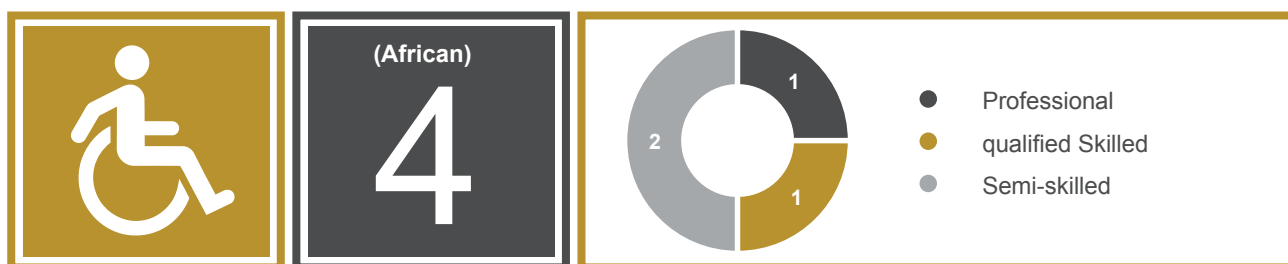
2.10 FEMALES IN THE ORGANISATION

During the year under review, by 31 March 2026, the SADPMR employed a total of 65 women, representing 61.3% of total staff. This achievement is above the national Employment Equity (EE) target for women. The SADPMR remains committed to upholding the objectives of the Employment Equity Act.

2.11 YOUTH IN THE ORGANISATION

During the 2025/26 financial year, the SADPMR successfully provided practical work experience to 26 youth through its Internship and Work-Integrated Learning Programme. By the end of the financial year, 18 participants remained enrolled, while 8 had exited the programme. Of those who departed, four left to pursue external employment opportunities, and the other four completed their contracts in February 2026.

2.12 PEOPLE WITH DISABILITIES IN THE ORGANISATION



Throughout the 2025/2026 period, the SADPMR reported that 3.8% of its workforce consisted of employees with disabilities. This group includes four Africans. Within the administration programme, two female employees are represented, while in the core division, one female and one male employee are part of the team.





E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Opening balance	76	76
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	76
Less: Irregular expenditure recoverable ¹	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	76	-

¹ Transfer to receivables

The amount was declared irregular by the Auditor General during 2025/26FY based on a finding related to shortening of a bid advertisement for a panel of service providers for travel management. The entity disputed the conclusion of the auditors and has lodged a formal dispute with National Treasury.

RECONCILING NOTES

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Irregular expenditure that was under assessment	76	1,054
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	-	-
Total	76	1,054

b) Details of irregular expenditure (under assessment, determination, and investigation)

DESCRIPTION ²	2024/25	2025/26
	R'000	R'000
Irregular expenditure under assessment	76	1,054
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	76	1,054

² Group similar items

The amount was declared irregular by the Auditor General during 2025/26FY based on a finding related to shortening of a bid advertisement for a panel of service providers for travel management. The entity disputed the conclusion of the auditors and has lodged a formal dispute with National Treasury.

c) Details of irregular expenditure condoned

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

d) Details of irregular expenditure removed - (not condoned)

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Irregular expenditure NOT condoned and removed	76	-
Total	-	-

The irregular expenditure reported in 2024/25 was approved for removal by the Accounting Authority in 2025/26 FY after corrective measures were implemented in line with paragraph 5.7 and 5.8 of the PFMA compliance framework.

e) Details of irregular expenditure recoverable

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	-	-

N/A

f) Details of current and previous year irregular expenditure written off (irrecoverable)

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

N/A

Additional disclosure relating to inter-institutional arrangements

g) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)³

DESCRIPTION	2024/25 ⁴	2025/26
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
Total	-	-

³ Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

⁴ Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements.

There are no inter-institutional arrangements which led to irregular expenditure.

h) Details of disciplinary or criminal steps taken as a result of irregular expenditure

DISCIPLINARY STEPS TAKEN
There were no criminal or fraudulent activities identified in the irregular expenditure incurred in 2024/25 FY, disciplinary processes were taken against three employees where warnings were issued.

There is no irregular expenditure incurred in the 2025/26 FY.

1.2 FRUITLESS AND WASTEFUL EXPENDITURE**a) Reconciliation of fruitless and wasteful expenditure**

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Opening balance	-	
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	34
Less: Fruitless and wasteful expenditure recoverable ⁵	-	34
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	0

⁵ Transfer to receivables

Fruitless and wasteful expenditure recovered

RECONCILING NOTES

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	34
Total	-	34

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

DESCRIPTION ⁶	2024/25	2025/26
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

⁶ Group similar items

All fruitless and wasteful expenditure incurred in 2025/26 FY was assessed and concluded during the period under review.

c) Details of fruitless and wasteful expenditure recoverable

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Fruitless and wasteful expenditure recoverable	0	34
Total	0	34

Fruitless and wasteful expenditure incurred in the 2025/26 FY was recovered from the employees concerned.

d) Details of fruitless and wasteful expenditure not recoverable and written off

DESCRIPTION	2024/25	2025/26
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

N/A

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

DISCIPLINARY STEPS TAKEN
No disciplinary steps were taken for the fruitless and wasteful expenditure. Recovery of the expenditure was implemented for both incidents.

1.3 ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))⁷

a) Details of material losses through criminal conduct

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2024/25	2025/26
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-

⁷ Information related to material losses must also be disclosed in the annual financial statements.

There were no theft or material losses incidents in the 2025/26 FY.

b) Details of other material losses

NATURE OF OTHER MATERIAL LOSSES	2024/25	2025/26
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
Total	-	-

--

c) Other material losses recoverable

NATURE OF LOSSES	2024/25	2025/26
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
Total	-	-

N/A

d) Other material losses not recoverable and written off

NATURE OF LOSSES	2024/25	2025/26
	R'000	R'000
	-	-
Total		

--

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE
		R'000
Valid invoices received	664	26,043
Invoices paid within 30 days or the agreed period	664	26,043
Invoices paid after 30 days or the agreed period		
Invoices older than 30 days or the agreed period (unpaid and without dispute)		
Invoices older than 30 days or the agreed period (unpaid and in dispute)		

N/A

3. SUPPLY CHAIN MANAGEMENT

3.1 PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Licensing papers	Ronlen Print	Single source	SADPMR08796	8.8
Venue and facilities bookings	GIDZ	Single source	SADPMR08795	4.6
Venue and facilities bookings	GIDZ	Single source	SADPMR08819	4
Venue and facilities bookings	GIDZ	Single source	SADPMR08847	10
Venue and facilities bookings	GIDZ	Single source	SADPMR08852	11
Venue and facilities bookings	GIDZ	Single source	N/A	100
Document storage	The Document Warehouse	Single source	SADPMR08817	454
Intruder alarm services	Fidelity ADT	Multiple source	SADPMR08870	34
Laptop repairs	Dell Technologies	Single source	N/A	10
Subscription: Annual Price List.	Rapaport	Single source	SADPMR08283	50
License renewal	Sage VIP	Single source	SADPMR08960	200
Publication of Government Gazette	Government Printing Works	Sole source	SADPMR08970	6
Travel Management	NX Nexus and Atlantics Corporate Travel	Multiple source	N/A	3,000
Total				3,892.4

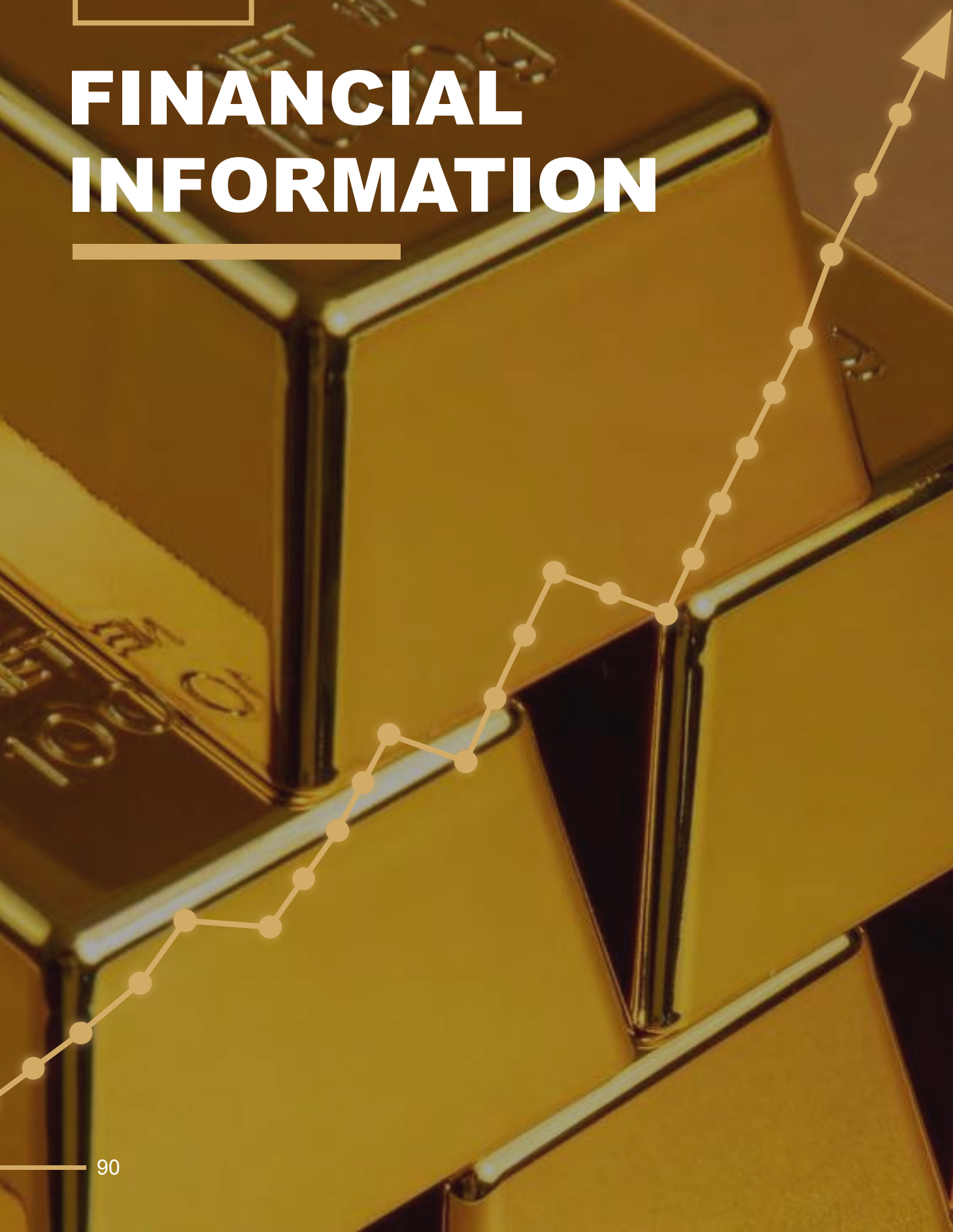
There are no contract numbers for SLAs and service contracts, Purchase Order (PO) numbers are captured where applicable. The travel contracts had multiple POs which are not practical to include in the table. The transaction with GIDZ did not result in a contract rather, it is an approval to use their premises at a cost on a need basis.

3.2 CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Short-Term Insurance	Quintosys PTY LTD	Contract expansion	SADPMR08838	1 594	349	162
Network and internet infrastructure	Argantic GACS	Contract expansion	SADPMR08845	3 645	N/A	240
Office Accommodation	Northern Cape Provincial Government	contract variation	SADPMR08673	11	N/A	73
Microsoft Licence	Microsoft	contract expansion	SADPMR08930	7 500	N/A	303
Telecommunication	Telkom SA	Contract expansion	N/A	1 412	200	11
DEEC Legal Liability Cover	Ram International	contract expansion	SADPMR08974	2 229	161	161
Short-term insurance	ARIS	contract variation	SADPMR08994	927	N/A	278
Total				17 318	710	1 228



FINANCIAL INFORMATION



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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Diamond and Precious Metals Regulator set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Diamond and Precious Metals Regulator as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter - Restatement of corresponding figures

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 96, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following material performance indicators related to regulatory compliance presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected those material indicators that measures the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

- Percentage of licence applications finalised (precious metals)
- Percentage of licence applications finalised (diamond)
- Percentage of new application inspections conducted in diamond premises
- Percentage of new application inspections conducted in precious metals premises
- Percentage of beneficiation licenses finalised (diamond)
- Percentage of inspections conducted in licenced precious metals premises based on the approved annual inspection plan
- Percentage of inspections conducted in licensed diamond premises based on the approved annual inspection plan
- Percentage of precious metals disruptive/joint inspection conducted
- Percentage of diamond disruptive/joint inspections conducted
- Percentage of inspections conducted on precious metals exports based on the approved annual inspection plan
- Percentage of non-compliant licences suspended/

cancelled relative to non-compliant licences that failed to remedy contravention/breach/failure

- Number of audits conducted on high-risk precious metals refining licenses
- Number of diamond register analyses conducted
- Number of precious metals register analysis conducted
- Percentage of recommended export approval applications meeting local demand
- Percentage of export approval holders' registers assessed to determine precious metals traded locally
- Number of carats manufactured locally
- Number of licensees assessed
- Number of enterprises/partnerships developed/ maintained

14. I evaluated the reported performance information for the selected material indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those

committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify material finding on the reported performance information for the selected material indicators.

Other matters

Programme 3: Regulatory Compliance

Targets achieved: 95% Budget spent: 98, 5%		
Key indicator not achieved	Planned target	Reported achievement
Number of carats manufactured locally	150 000	80 565

Material misstatements

21. I identified a preventable material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information for regulatory compliance. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

18. I draw attention to the matters below. Achievement of planned targets

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.
20. The table that follows provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing

25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary. Internal control deficiencies
30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
31. I did not identify any significant deficiencies in internal control.

Auditor - General

Johannesburg

31 July 2026



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Section, regulation or, paragraph
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulations 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(2)(c); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraphs 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraphs 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	"Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1

GENERAL INFORMATION

Controlling Entity	Department of Mineral and Petroleum Resources	
Financial Statements relate to	South African Diamond and Precious Metals Regulator	
Domicile, Legal Form and Jurisdiction	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.	
Nature of Business and Principal Activities	Regulating the possession, purchase, sale, processing and the export of diamonds. In addition, administer and control all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.	
Members of the Accounting Authority	Mr. A Mngomezulu	Board Chairperson
	Mr C Khosa ▲	Chief Executive Officer
	Mr N Baloyi	Board Member
	Mr M Cawe	Board Member
	Dr T Khoza	Board Member
	Ms T Mokwena	Board Member
	Ms L Mtshali	Board Member
	Mr R Molapo	Board Member
	Mrs F Mushohwe	Board Member
	Adv LJ Pretorius	Board Member
	Adv M Moloto	Board Member
	Ms N Ngcobo	Board Member
	Ms K Manamela (Alternate)	Board Member
	Mr D Sibeko (Alternate)	Board Member
	Ms R Nkambule (Alternate)	Board Member
	Ms N Mzamo	Board Member
	Dr N Skeepers ▲	Deceased
	Dr A Cassim ▲	Board Member
	▲ Ex officio ▲ Joined August 2025 ▲ Deceased December 2025	
	Business Address	Postal Address
	C/o Bonaero Drive and Cote D'Azur Avenue Kempton Park 1622	P O Box 16001 Jewel City Doornfontein 2028
Website:	http://www.sadpmr.co.za	
Bankers	Nedbank	
	Head Office Address	
	135 Rivonia Road Sandton 2196	
Auditors	Auditor-General of South Africa	
	Head Office Address	Postal Address
	4 Davenport Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria, SA	PO Box 446 Pretoria 0001

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the PFMA to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and places considerable importance on maintaining an effective control environment.

The Accounting Authority further sets standards for internal control aimed at reducing the risk of error or deficiencies in a cost effective manner. The standards include 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise them by ensuring that infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures.

The Accounting Authority is 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 reasonable, and not absolute, assurance against material misstatement.

The SADPMR is dependent on government grants, licenses, and service fees for the continued funding of its operations. The Accounting Authority has reviewed the SADPMR's cash flow forecast for the year starting from April 2026 to 31 March 2027. Considering the current financial position, the Accounting Authority is concerned that the SADPMR's operational existence is dependent on the approval of National Treasury to retain cash surpluses (reserves).

This is because the diamond industry, which is the main source of internally generated revenue, has been persistently depressed. The Annual Financial Statements are prepared on the basis that the SADPMR is a going concern with material uncertainties. The Accounting Authority is primarily responsible for the financial affairs of the entity. The SADPMR accounting authority is supported by the entity's internal auditors.

The Annual Financial Statements set out on pages 6 to 55, were prepared on a going concern basis with material uncertainties, approved by the Accounting Authority on 30 July 2026.



Mr. Abiel Mngomezulu
Chairperson of the Board

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2026

		31 March 2026	31 March 2025
		Note	R
			R
ASSETS			
Current Assets			34,643,961
Inventories	1		808,129
Prepayments	2		1,891,899
Receivables from Exchange Transactions	3		137,602
Statutory Receivables from Exchange Transactions	4		626,179
Receivables from Non-exchange Transactions	5		521,290
Cash and Cash Equivalents	6		48,694,493
Non-Current Assets			26,520,130
Property, Plant and Equipment	7		24,013,359
Prepayments	2		214,787
Intangible Assets	8		1,916,752
Long-term Receivables	9		375,232
Total Assets			79,199,722
LIABILITIES			
Current Liabilities			10,390,702
Provisions	10		135,066
Payables from Exchange Transactions	11		2,199,650
Employee Benefit Liabilities - Short Term	12		3,068,218
Operating Lease Liabilities	13		4,987,768
Non-Current Liabilities			11,224,963
Employee Benefit Liabilities	14		11,224,963
Total Liabilities			21,615,665
NET ASSETS			57,584,057
Accumulated Surplus			57,584,057
Total Net Assets and Liabilities			79,199,722

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2026

		31 March 2026	31 March 2025
	Note	R	R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	15	62,558,000	69,921,000
Other Grants	15	1,446,864	1,912,873
Revenue from Exchange Transactions			
Rendering of Services	16	29,593,831	34,287,275
Interest Earned	17	2,915,997	4,372,996
Licence Fees and Permits	18	4,209,261	4,266,713
Other Revenue	19	689,070	342,893
Total Revenue		101,413,023	115,103,750
EXPENDITURE			
Employee-Related Costs	20	89,117,047	93,426,209
Depreciation and Amortisation	21	3,797,891	4,001,139
Impairment Losses	22	481,096	(1,039)
Bad Debt Written-off	22	-	981
Finance Costs	23	1,459,000	1,359,270
Repairs and Maintenance	24	428,551	573,694
General Expenses	25	30,789,755	33,710,149
Total Expenditure		126,073,340	133,070,400
OPERATING DEFICIT FOR THE YEAR		(24,660,317)	(17,966,650)
OTHER REVENUE / EXPENDITURE INCURRED			
(Losses) / Gains on Other Operations:			
Gains/(Losses) on Foreign Exchange	26	276	(68,145)
Gain/(Loss) on Disposal of Assets	7	(318,362)	(417,002)
TOTAL OTHER REVENUE/EXPENDITURE INCURRED		(318,086)	(485,147)
DEFICIT FOR THE YEAR		(24,978,403)	(18,451,797)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2026

Description	Accumulated	Total
	Surplus / (Deficit)	
	R	R
Balance at 01 April 2024	76,035,857	76,035,857
Restated surplus for the year	(18,451,797)	(18,451,797)
Previously stated	(18,404,027)	(18,404,027)
Correction of Error (Note 29)	(47,769)	(47,769)
Restated Balance at 31 March 2025	57,584,060	57,584,060
GRAP 104 transition (Note 28)	(74,636)	(74,636)
Deficit for the year	(24,978,403)	(24,978,403)
Balance at 31 March 2026	32,531,021	32,531,021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

		31 March 2026	31 March 2025
	Note	R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies		64,267,427	71,567,696
Rendering of Services		29,189,220	34,387,203
Licences		4,209,261	4,266,713
Interest Received		2,915,997	4,445,456
Other Receipts		443,554	432,014
		101,025,459	115,099,082
Payments			
Employee-Related Costs		(90,599,856)	(95,397,697)
Interest Paid		-	(2,170)
Cash paid to suppliers		(26,437,105)	(34,139,215)
		(117,036,961)	(129,539,082)
NET CASH FLOWS FROM OPERATING ACTIVITIES	30.	(16,011,502)	(14,440,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7.	(1,415,533)	(6,890,806)
Purchase of Intangible Assets	8.	(520,948)	(1,215,550)
Proceeds on Disposal of Property, Plant and Equipment		103,272	81,075
		(1,833,209)	(8,025,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		-	(116,970)
		-	(116,970)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(17,844,710)	(22,582,252)
Cash and Cash Equivalents at Beginning of Period	6.	48,694,493	71,276,745
Cash and Cash Equivalents at End of Period	6.	30,849,783	48,694,493

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Description	Final Budget	Actual	Variance	Actual Outcome as % of Final Budget
	R	R	R	R
FINANCIAL PERFORMANCE				
Revenue from Non-exchange Transactions				
Government Grants and Subsidies Received	62,558,000	62,558,000	-	-
Other Grants	-	1,446,864	1,446,864	
	-			
Revenue from Exchange Transactions	-			
Rendering of Services	52,858,075	29,593,831	(23,264,244)	(44)
Licence Fees	3,412,500	4,209,261	796,761	23
Interest Earned	3,600,000	2,915,997	(684,003)	(19)
Other Revenue	125,550	689,070	563,520	449
Total Revenue	122,554,125	101,413,023	(21,141,102)	
Expenditure				
Employee-Related Costs	92,271,584	89,117,047	3,154,537	3
Depreciation and Amortisation	4,299,110	3,797,891	501,219	12
Impairment Losses	-	481,096	(481,096)	(100)
Finance Costs	35,992	1,459,000	(1,423,008)	(3,954)
Repairs and Maintenance	536,800	428,551	108,249	20
General Expenses	30,757,022	30,789,755	(32,733)	(0)
Total Expenditure	127,900,508	126,073,340	1,827,168	
Deficit	(5,346,383)	(24,660,317)	(19,313,934)	
Gains/(Losses) on Other Operations	-	276	276	(100)
Loss on Disposal of Property, Plant and Equipment	-	(318,362)	(318,362)	(100)
Deficit for the Year	(5,346,383)	(24,978,403)	(19,632,020)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2026

Capital Expenditure

The entity did not budget for capital expenditure. However, there was capital expenditure commitments from the previous year.

The budget is for the period 1 April 2025 to 31 March 2026, prepared and presented on accrual basis. The budget is in line with the financial period.

A difference of the higher of above 10 % or R0.500m between budget and actual amounts is regarded as material and explained in the variance explanation below.

Note

Percentage expenditure variance :

() indicates expenditure overspending and revenue under generated.

Revenue

Rendering of Services (44%)

The entity did not realise the revenue estimated on the budget due to the persistent depression in the diamond industry and the strong Rand value against the US Dollar (USD) during the period under review. This has caused a significant shortfall in the revenue resulting in deficit reported for 2025/26 FY. The revenue shortfall is covered by reserves in line with the approval of National Treasury for retention of cash surpluses.

Licence fees 23%

The entity received a higher number of precious metals refining licence and Authorised Representative certificate applications than anticipated for the period.

Interest Earned (19%)

The entity received a higher number of precious metals refining licence and Authorised Representative certificate applications than anticipated for the period.

Other Revenue 449%

The increase is due to management fees from learnership programme (TETA) , study fees recoverable from employees who did not meet the bursary contract obligations and losses recovered from employees.

Expenditure

Depreciation 12 %

The variance is due to items that were approved for procurement from the approved cash surplus placed on hold following the decline in revenue generation.

Employee-Related Costs 3 %

SADPMR amended the eligibility criteria for the post retirement medical aid benefit during the reporting period. The qualifying service requirement for participation in the post retirement medical aid plan was increased from 10 years to 15 years of uninterrupted service.

This resulted in reduction in the number of employees qualifying for future post employment medical aid benefits. The curtailment resulted in a reduction of the defined benefit obligation and recognised as a past service cost credit in the current reporting period.

Repairs and maintenance 20%

Under expenditure in repairs results from the austerity measures that were put in place to manage costs.

Impairment Losses (100%)

The variance relates to impairment of assets that were damaged when the SADPMR suffered a flooding incident . The assets no longer provide service potential and they were fully impaired.

Finance costs (3954%)

The variance results from interest on post retirement medical inadequately budgeted for. However there is no cash outflow.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including GRAP 1 Presentation of Financial Statements, as issued by the Accounting Standards Board, and in accordance with the Public Finance Management Act.”

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 CHANGES IN ACCOUNTING POLICY

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 COMPARATIVE INFORMATION

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 USE OF ESTIMATES AND JUDGEMENTS

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity’s Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1.4.1 IMPAIRMENT OF TRADE RECEIVABLES

The SADPMR assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 IMPAIRMENT OF OTHER FINANCIAL ASSETS

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired.

In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

1.4.3 DEFINED BENEFIT PLAN LIABILITIES

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement Health Benefit Obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

The entity reviews the useful lives and residual values of assets at each reporting date. Where individual assets continue to provide service potential beyond their standard useful lives, management revises the estimated remaining useful lives of those assets. Such revisions are accounted for as changes in accounting estimates and are applied prospectively.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable

1.5 GOING CONCERN ASSUMPTION

Management and the Accounting Authority have made the assessment that SADPMR is a going concern with material uncertainty and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months after 31 March 2026. The SADPMR is partly dependent on the state for funding.

1.6 MATERIALITY AND AGGREGATION

In terms of GRAP omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of

government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

The entity has a materiality framework approved by the Board and concurred by Executive Authority as required in terms of Section 54 2(d) of the PFMA and Treasury Regulation 28.3.1. The entity has adopted 2% of its assets value and 1% of its expenditure as material amounts.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use.

Inventory is recognised as an asset if, and only if,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- (b) the cost of the inventories can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transactions, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

- (a) distribution through a non-exchange transaction; or
- (b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In that case they are subsequently measured at the lower of cost and current replacement value.

Inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

3. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The SADPMR applies the revised GRAP 104: Financial Instruments, which establishes principles for classification, recognition, measurement, impairment and derecognition of financial instruments.

3.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

3.1.1 FINANCIAL ASSETS

A financial asset is cash, residual interest of another entity or contractual right to receive cash or another financial asset.

The SADPMR classifies financial assets into the following categories:

3.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is classified and measured at amortised cost when BOTH of the following conditions are met:

- (a) The asset is held within a business model whose objective is to collect contractual cash flows;
- (b) Contractual terms give rise to solely payments of principal and interest (SPPI).

SADPMR financial assets measured at amortised cost include:

- (i) Cash and cash equivalents
- (ii) Receivables from exchange transactions
- (iii) Receivables from non-exchange transactions (iv) Long-term receivables (rental deposit)

SADPMR does not currently hold any such financial assets measured at fair value.

3.2.1 FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to

another entity. The SADPMR classifies financial liabilities into the following categories:

(a) Financial Liabilities Measured at Amortised Cost

SADPMR financial liabilities measured at amortised cost include:

- (i) Trade Creditors
- (ii) Provisions
- (iii) Accruals
- (iv) Sundry Creditors

The SADPMR holds no financial liabilities measured at fair value.

3.3 INITIAL RECOGNITION AND MEASUREMENT

Financial assets and liabilities are recognised when the entity becomes party to contractual terms of the instrument. Instruments are initially measured at fair value, plus transaction costs if subsequently measured at amortised cost.

3.4 SUBSEQUENT MEASUREMENT

3.4.1 AMORTISED COST

Instruments measured at amortised cost are subsequently measured using the effective interest method. Due to their short-term nature, SADPMR receivables and payables approximate fair value.

3.5 IMPAIRMENT OF FINANCIAL ASSETS (EXPECTED CREDIT LOSS – ECL MODEL)

SADPMR applies GRAP 104's forward-looking ECL model to all financial assets at amortised cost when assessing the impairment.

ECL Formula

$$ECL = \sum [PD \times LGD \times EAD \times \text{Discount Factor}]$$

PD = Probability of Default — likelihood the counterparty will default over the relevant horizon (12 months for Stage 1; lifetime for Stages 2 and 3; and as well for the Simplified Approach).

LGD = Loss Given Default — proportion of EAD not recovered after default, accounting for collateral and recovery actions.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

EAD = Exposure at Default — expected outstanding exposure at the point of default.

Discount Factor = present value adjustment using the original effective interest rate (or close approximation).

The three stages — general approach

Stage	Trigger	ECL horizon	Interest revenue base
Stage 1 — Performing	Initial recognition; no significant increase in credit risk since initial recognition ("SICR")	12-month ECL	Gross carrying amount × EIR
Stage 2 — Underperforming	Significant increase in credit risk since initial recognition (SICR triggered)	Lifetime ECL	Gross carrying amount × EIR
Stage 3 — Credit-impaired	Objective evidence of default / impairment; usually 90 days past due (rebuttable)	Lifetime ECL	Net carrying amount × EIR (interest on net basis)

Forward-looking information (FLI)

GRAP 104 requires ECL to incorporate reasonable and supportable forward-looking information about future economic conditions.

For SADPMR, FLI has been incorporated qualitatively. Multiple-scenario weighting has not been applied because

— for the SADPMR portfolio — counterparty-specific factors dominate the ECL outputs and a multi-scenario model would not produce materially different results.

Financial Instruments in Scope

The table below sets out the classification of all financial assets reported in the SADPMR FY2026 AFS

Instrument	Classification	ECL Approach
Trade and other receivables (exchange)	Amortised cost	Simplified — lifetime ECL
Staff debtors	Amortised cost	Simplified — lifetime ECL
Cash & cash equivalents — Nedbank	Amortised cost	General approach — Stage 1
Cash & cash equivalents — SARB CPD	Amortised cost	General approach — Stage 1
Grants receivable — MQA	Amortised cost	Simplified -lifetime ECL
Grants receivable — TETA	Amortised cost	Simplified — lifetime ECL
Long-term rental deposit — GIDZ	Amortised cost	Simplified — lifetime ECL

3.6 OFFSETTING

Financial assets and liabilities are presented separately, unless the entity has a legally enforceable right to offset and intends to settle net.

3.7 DERECOGNITION

Financial Assets Derecognised When:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

Financial Liabilities Derecognised When:

- Obligation is discharged or cancelled
- Obligation expires

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash or another financial asset. Statutory receivables arise from exchange transactions.

Statutory receivables represents outstanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Statutory receivables are recognised :

- (a) when the definition of an asset is met
- (b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity ; and
- (c) When the transaction amount can be measured reliably.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- (a) interest or other charges that may have accrued on the receivable (where applicable);
- (b) impairment losses; and
- (c) amounts derecognised.

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable.

4.1 IMPAIRMENT

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that:

- (a) Individually significant receivables are impaired; and/or
- (b) Groups of similar, individually insignificant, receivables are impaired.

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the

recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licences and diamond liability insurance cover.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received.

Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short-term nature closely approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production and supply of goods and services or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and
- (b) the cost or fair value of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation methods

each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Owned		Leased	
Furniture and Fittings	10 to 15		
Motor Vehicles	7	Office Equipment	
Office Equipment	15 to 25	Improvements	Shorter of the lease term or useful life
Computer Equipment	3 to 15		
Security Equipment	15 to 50		

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 FINANCE LEASES

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

A gain or a loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. A gain or a loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

6.3 IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

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

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

Depreciated replacement cost method is used to determine the value in use of non cash generating assets.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance. Assets with No Remaining Service Potential

Where an asset is assessed to have no remaining service potential, its recoverable service amount shall be determined to be zero. In such cases, the SADPMR recognises an impairment loss equal to the full carrying amount of the asset.

For purposes of this assessment, an asset is regarded as having no remaining service potential when it is no longer capable of being used to provide goods or services in accordance with the entity's objectives. This may arise as a result of physical damage, obsolescence, changes in technology, legal or regulatory restrictions, or a decision by management to discontinue the use of the asset.

The impairment loss is recognised immediately in surplus or deficit,

Following the recognition of the impairment loss, the carrying amount of the asset shall be reduced to its recoverable service amount of nil and the disposal process

The amortisation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Software developed	15	Software purchased	15

SADPMR derecognises intangible assets when :

- it disposes the assets or
- when no economic benefit or service potential is expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.1 IMPAIRMENT OF INTANGIBLE ASSET

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation.

initiated in terms of the asset management policy of the entity.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licenses and computer application licenses.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR and
- The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives.

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

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 FINANCE LEASES

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. The corresponding lease commitments are recognised in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

8.2 OPERATING LEASES

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the

actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

9. PROVISION AND CONTINGENCIES

9.1 PROVISION

A provision is a liability of uncertain timing or amount. A provision is recognised when:

- (a) The SADPMR has a present legal or constructive obligation as a result of a past event.
- (b) It is probable that an outflow of economic benefits or service potential will be required to settle. (c) A reliable estimate can be made of the amount of the obligation.

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.

All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 CONTINGENT LIABILITY

Contingent liability 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 SADPMR.

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 CONTINGENT ASSET

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the SADPMR.

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is probable.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

10. EMPLOYEE BENEFIT

Employee benefits are all forms of consideration given by the SADPMR in exchange for service rendered by employees.

10.1 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- (a) Wages, salaries and social security contributions;
- (b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- (c) Bonus, incentive, and performance related payments payable within twelve months after the end of the reporting period in which the employees render the service.

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 POST-EMPLOYMENT BENEFITS

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR provides post employment medical aid benefits to qualifying former employees and pensioners in terms of an approved medical aid subsidy policy. The benefits are classified as defined benefit post employment benefits as the entity bears the actuarial and financial risks associated with the obligation. The plan is unfunded, and benefits are paid by the entity as they fall due.

The defined benefit cost is made up of the following components: (a) Service Costs, comprising:

- Current Service Cost -Settlements
- Past Service Cost, comprising: -Plan Amendments
- Curtailments

- (b) Net Interest Revenue/Expense
- (c) Remeasurements, comprising:
 - Actuarial Gains and Losses

Statement of financial position

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date. The liability is measured using the Projected Unit Credit Method with actuarial valuation performed by an independent qualified actuary at the end of the financial year .

Statement of financial performance

The cost of providing defined benefit plans is recognised in Surplus or Deficit and comprises of current service costs, interest costs, past service costs and remeasurements (actuarial gains/losses).

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

12. NET ASSETS

12.1 ACCUMULATED FUNDS

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

13. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised only when:

- (a) It is probable that economic benefits or service potential will flow to the SADPMR; and
- (b) The amount can be measured reliably

Revenue from exchange transactions consists of the following: Service fees

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

Licence Fees

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

Interest income

Interest received is recognised on a time proportionate basis using the effective interest rate method. Sale of diamond books and registers

Revenue from the sale of diamond books and registers is recognised at the date of sale when an inflow of resources from a transaction is recognised as an asset.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange.

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

Grant from the Department of Mineral and Petroleum Resources (DMPR)

Transfer payments from the Department of Mineral and Petroleum Resources (DMPR) are recognised as income in terms of the allocation letter received from DMRE. Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets. This grant is received for immediate financial support with no future related costs. The grant is recognised as income in the period in which it is receivable.

Other Grants Received

Other grants represent conditional grants received from TETA and MQA that have restrictions on their utilisation.

Conditional grants received are recognised as a liability in the statement of financial position. As the SADPMR satisfies the conditions attached to the transferred asset, the carrying amount of the liability is reduced and revenue is recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Where a grant that has restrictions is received prior to the occurrence of the restricted event, a liability for grant received in advance is recognised in the statement of financial position.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Upon satisfaction of the restricted event the liability is reduced and revenue recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the SADPMR as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used by the SADPMR but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

14. EXPENDITURE

Expenditures are presented by nature and are recognised

in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

15. BUDGETS

Budget information in accordance with GRAP 1 and 24. The budget information has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

The approved budget is prepared on an accrual basis and it is for the financial period 1 April 2025 to 31 March 2026.

Variances between budget and actual amounts are regarded as material differences when a 10% or R0.500m and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

16. ACCOUNTING PRONOUNCEMENTS

16.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND NEWLY ADOPTED IN THE CURRENT YEAR

Standard	Description	Effective date
GRAP 104	Financial Instruments	01 April 2025
iGRAP 22	Foreign Currency Transactions and Advance	01 April 2025

GRAP 104 - Financial instruments

This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and

- (a) simplify the recognition, measurement and disclosure of financial instruments; and
- (b) accommodate the types of financial instruments entered into in the public sector.

16.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

Standard	Description	Effective date
iGRAP 7	Limit On Defined Benefits Assets	To be determined
iGRAP 21	The Effect Of Past Decisions On Materiality	To be determined

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

17. MATERIAL LOSSES

In terms of Section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.

The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

18. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) The Public Finance Management Act, or
- (b) State Tender Accounting Authority Act, 1968

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that –

- (a) the matter is free of fraudulent, corrupt or other criminal conduct.
- (b) disciplinary action was taken against the responsible employee(s);
- (c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;
- (d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and
- (e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the

notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de-recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that expenditure is incurred. The expenditure is classified according to the nature of the expense and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

20. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

OPERATING COMMITMENTS

Operating commitments relates to non-cancellable contracts or cancellable at significant cost. These include fixed-amount contracts and purchase orders that are not delivered by the end of a financial year for goods and service.

CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual amounts committed to the capital expenditure on reporting date that will be incurred in the period subsequent to the specific reporting date.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

21. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

A person as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm's length or not in the ordinary course of business.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

22.1 ADJUSTING EVENTS

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

22.2 NON-ADJUSTING EVENTS

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

23. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

24. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

25. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management concluded that there are no reportable segments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

	31 March 2026	31 March 2025
	R	R
1. INVENTORIES		
Inventory comprises:		
Brokers notes, certificates and registers	148,345	147,276
Office stationery and cartridges	271,970	290,754
Tamper proof stationery	267,259	370,099
Total Inventories	687,573	808,129

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

The cost of inventory recognised as an expense during the period was R399 721 (2025: R712 132). No inventory was written down to net realisable value. No inventory was pledged as a security for Liabilities.

2. PREPAYMENTS

Current Prepayments	1,454,999	1,891,899
Non-Current Prepayments	128,819	214,787
Total Prepayments	1,583,818	2,106,686

Prepaid expenses represent the prepayments for insurance, licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

31 March 2026		
Accrued Income	75,000	-
Interest Receivable	-	14,755
Staff Debtors	105,549	122,847
Other Receivables	113,796	-
Expected Credit Losses	(832)	-
	293,513	137,602

Other receivables relates mainly to legal fees recoverable in terms of the court order.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

3.1 RECONCILIATION OF EXPECTED CREDIT LOSSES

	31 March 2026	31 March 2025
	R	R
Opening balance	-	
Adoption of GRAP 104 adjustments	(809)	
Remeasurement of expected credit losses	(23)	-
Closing Balance	(832)	-

Receivables from exchange transactions are classified as financial assets at amortised cost and are measured at gross carrying amount less Expected Credit Loss.

Accrued Income relates to license fees accrued.

Staff debtors consist of study fees recovery where the bursary contract terms were not met and are recoverable through payroll deductions.

The entity applies the simplified approach in accordance with GRAP 104 and recognises lifetime expected credit losses for all trade receivables.

The allowance is determined in accordance with the accounting policy disclosed in paragraph 3.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	31 March 2026	31 March 2025
	R	R
Gross Balance	1,107,209	626,179
Impairment Allowance	-	-
Total Statutory Receivables from Exchange Transactions	1,107,209	626,179

As at 31 March 2026, none of the statutory receivables were impaired and provided for as they were not past due.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

4.1 AGEING OF STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 31 March 2026

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Exchange Statutory Receivables:					
Gross Balances	1,107,172	-	-	37	1,107,209
Less: Impairment allowance	-	-	-	-	-
Not impaired	1,107,172	-	-	37	1,107,209

Statutory receivables comprise outstanding balances from clients for service fees rendered.

4.2 AGEING OF STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 31 March 2025

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Exchange Statutory Receivables:					
Gross Balances	625,636	909	-	(366)	626,179
Less: Provision for Impairment	-	-	-	-	-
Not impaired	625,636	909	-	(366)	626,179

4.3 RECONCILIATION OF PROVISION FOR IMPAIRMENT

	31 March 2026	31 March 2025
	R	R
Balance at beginning of year	-	1,039
Impairment Losses Recognised	-	(1,039)
Balance at end of year	-	-

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 31 March 2026

Grant Receivable - MQA	179,902	418,357
Grant Receivable - TETA	78,826	102,933
Expected Credit Losses	(1,192)	-
Total Receivables from Non-exchange Transactions	257,536	521,290

Grant receivable from MQA for 31 March 2026 includes an amount of R97 335.00 for Executive Development Programme (MEDP) and R82 567.00 for internship programme. The amount of R 78 826.00 owed by the Transport Education Training Authority is for (TETA) is for work integrated learning (WIL).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Expected Credit Losses Reconciliation

	31 March 2026	31 March 2025
	R	R
Opening balance		
Adoption of GRAP 104 adjustments	(3,270)	
Remeasurement of expected credit losses	2,078	-
Closing Balance	(1,192)	-

The entity applies the simplified approach in accordance with GRAP 104 and recognises lifetime expected credit losses for all trade receivables. The allowance is determined in accordance with the accounting policy disclosed in paragraph 3.

The allowance is determined in accordance with the accounting policy disclosed in paragraph 3.

6. CASH AND CASH EQUIVALENTS

	31 March 2026	31 March 2025
	R	R
Current Investments	25,889,679	46,040,556
Bank Accounts	4,946,270	2,643,178
Cash-on-Hand	13,834	10,759
Cash and cash equivalents per cash flow statement	30,849,783	48,694,493
Less: Expected credit loss	(6,652)	-
Cash and cash equivalents per statement of financial position	30,843,131	48,694,493

Expected credit loss impairment. The cash flow statement reflects gross cash movements, while the statement of financial position presents cash net of impairment.

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks.

The decline in cash and cash equivalent is attributable to inadequate cash generated from operations due to lower revenue generation resulting in other operating expenses funded from cash reserves. Cash and cash equivalents are measured at amortised cost.

Current investments consist of investment held with the Reserve Bank of South Africa.

Bank accounts consists of current accounts held with Nedbank which is used for daily operations and the Salary accounts used for the payment of salaries.

Cash on hand consists of petty cash used for payments of small items.

Expected Credit Losses Reconciliation

	31 March 2026	31 March 2025
	R	R
Opening balance		
Adoption of GRAP 104 adjustments	(54,836)	
Remeasurement of expected credit losses	48,184	-
Closing Balance	(6,652)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The SADPMR adopted the approach of using a credit rankings approach of selected and major South African banking instruments, then relating these to established global model points anchored to published studies on historical default tables, in order to interpolate SA instrument PDs, then build an LGD Matrix.

7. PROPERTY, PLANT AND EQUIPMENT

31 March 2026

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2025	9,727,341	5,608,446	3,236,311	1,647,186	3,551,125	-	242,951	24,013,360
Cost	15,128,002	6,795,536	4,116,031	4,204,870	6,266,284	-	333,335	36,844,058
Accumulated Depreciation:	(5,400,661)	(1,187,090)	(879,720)	(2,557,684)	(2,715,159)	-	(90,384)	(12,830,698)
Acquisitions:	-	280,224	-	-	1,135,309	-	-	1,415,533
-At Cost	-	280,224	-	-	1,135,309	-	-	1,415,533
Depreciation:	(1,706,706)	(610,293)	(242,630)	(622,012)	(333,001)	-	(37,702)	(3,552,345)
-Standard Depreciation	(1,706,706)	(610,293)	(242,630)	(622,012)	(333,001)	-	(37,702)	(3,552,345)
Carrying value of Disposals:	(55,612)	(126,325)	(12,683)	-	(185,658)	-	-	(380,279)
-Cost	(446,708)	(146,784)	(16,069)	(162,428)	(608,507)	-	-	(1,380,496)
-Accumulated Depreciation	391,095	20,459	3,386	162,428	422,848	-	-	1,000,217
Impairment Losses	(366,574)	-	(117,285)	-	(53,617)	-	-	(537,476)
Carrying values at 31 March 2026	7,598,448	5,152,052	2,863,713	1,025,174	4,114,157	-	205,249	20,958,792
Cost	14,681,294	6,928,976	4,099,962	4,042,442	6,793,086	-	333,335	36,879,094
Accumulated Impairment Losses	(366,574)	-	(117,285)	-	(53,617)	-	-	(537,476)
Accumulated Depreciation	(6,716,272)	(1,776,924)	(1,118,964)	(3,017,268)	(2,625,312)	-	(128,086)	(15,382,826)

The impairment relates to assets that were damaged during the reporting period and no longer provided service potential to the entity. These assets were fully impaired and written down to zero at year-end. The affected assets are expected to be disposed of once the necessary internal approvals have been obtained.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The impairment loss was recognised in surplus or deficit in terms of the accounting policy on impairment of non-cash-generating assets.

The SADPMR had capital commitments of R 4,620.00 at year end for acquisition of property and equipment. None of the assets were pledged as security and there are no restriction on them.

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 March 2025

Restated

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2024	7,784,457	5,193,594	2,805,968	1,406,442	3,872,951	102,771	280,654	21,446,837
Cost	14,207,378	6,197,211	3,705,039	3,334,882	6,394,378	733,168	333,335	34,905,391
Accumulated Depreciation:	(6,422,921)	(1,003,617)	(899,071)	(1,928,440)	(2,521,427)	(630,397)	(52,681)	(13,458,554)
Acquisitions:	4,098,415	1,172,257	740,144	869,988	10,000	-	-	6,890,804
-At Cost	4,098,415	1,172,257	740,144	869,988	10,000	-	-	6,890,804
Depreciation:	(1,921,596)	(605,653)	(237,685)	(629,244)	(291,551)	(102,772)	(37,703)	(3,826,204)
-Standard Depreciation	(1,921,596)	(605,653)	(237,685)	(629,244)	(291,551)	(102,772)	(37,703)	(3,826,204)
Carrying value of Disposals:	(233,935)	(151,752)	(72,116)	-	(40,275)	-	-	(498,078)
-Cost	(3,177,791)	(573,932)	(329,152)	-	(138,094)	(733,168)	-	(4,952,137)
-Accumulated Depreciation	2,943,856	422,180	257,036	-	97,819	733,168	-	4,454,059
Carrying values at 31 March 2025	9,727,341	5,608,446	3,236,311	1,647,186	3,551,125	-	242,951	24,013,359
Cost	15,128,002	6,795,536	4,116,031	4,204,870	6,266,284	-	333,335	36,844,057
Accumulated Depreciation	(5,400,661)	(1,187,090)	(879,720)	(2,557,684)	(2,715,159)	-	(90,384)	(12,830,698)

SADPMR assets were not pledged as security and there are no restriction on them.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7.1 EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

The following specific costs included in the amount of Repairs and Maintenance were incurred by the Entity during 2025/26 financial year:

	31 March 2026	31 March 2025
	R	R
Computer Equipment and Accessories	8,578	2,771
Equipment and Furniture	29,536	2,384
Leased Building	102,268	327,765
Pool Cars	85,036	81,823
Other Assets	203,134	158,952
Total Expenditure incurred to Repair and Maintain	428,552	573,695

Repairs on other assets relates to calibration of scales and maintenance of security equipment.

8. INTANGIBLE ASSETS

	31 March 2026	31 March 2025
	R	R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	2,150,801	1,916,752
The movement in Intangible Assets is reconciled as follows:		
Computer Software:		
Carrying values at 01 April	1,916,752	876,137
Cost	5,543,575	4,328,025
Accumulated Amortisation	(3,626,823)	(3,451,888)
Acquisitions:	520,951	1,215,551
Purchased	520,951	1,215,551
Amortisation:	(245,547)	(174,935)
-Standard Amortisation	(245,547)	(174,936)
Disposals:	(41,355)	-
At Cost	(119,499)	-
At Accumulated Amortisation	78,144	-
Carrying values at 31 March	2,150,801	1,916,752
Cost	5,945,027	5,543,575
Accumulated Amortisation	(3,794,226)	(3,626,823)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

9. LONG-TERM RECEIVABLES

	31 March 2026	31 March 2025
	R	R
Rental deposit	375,232	375,232
Less: Expected Credit Losses	(9,576)	-
	365,656	375,232

Long-term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

Expected Credit Losses Reconciliation

	31 March 2026	31 March 2025
	R	R
Opening balance		
Adoption of GRAP 104 adjustments	(15,717)	
Remeasurement of expected credit losses	6,141	-
Closing Balance	(9,576)	-

10. PROVISIONS

	31 March 2026	31 March 2025 Restated
	R	R
Provision for COVID	114,649	135,066
Total Provisions	114,649	135,066

The movement in provisions are reconciled as follows:

Provision for COVID

Balance at beginning of year	135,066	126,339
Contributions to provision	114,649	135,066
Expenditure incurred	(114,649)	(126,339)
Reversal of overprovision	(20,417)	-
Balance at end of year	114,649	135,066

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	31 March 2026	31 March 2025 Restated
	R	R
Trade Creditors	362,122	180,821
Accruals	2,300,306	1,720,697
Other Creditors	312,712	235,933
Payroll third party payables	-	62,202
Total Payables	2,975,140	2,199,653

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Trade Creditors:	Accruals:
Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied.	Accruals relates to goods received or services rendered for which invoices have not been received at the end of the year. The balance includes R1.2m rental charges payable to GIDZ resulting from the payment holiday granted during the period
Other Creditors:	Payroll third party payables:
Other creditors relates to balances of clients who paid, voluntarily, upfront deposits for anticipated services.	Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the last quarter of the financial year.

All payables are paid within 30 days where there are no disputes. Payables are not secured.

12. EMPLOYEE BENEFIT LIABILITIES - SHORT TERM

	31 March 2026	31 March 2025 Restated
	R	R
Staff Leave Accrual	2,974,443	2,613,786
Bonus Accrual (13th cheque)	482,543	454,432
Total Payables	3,456,986	3,068,218

Staff Leave Accrual:	Bonus Accrual (13th cheque):
The Leave Accrual relates to the value of vacation leave accumulated by staff at the end of the period.	There are employees who have elected to structure bonus as part of their total package. This accrual relates to bonuses that have accrued at the end of the period.

13. OPERATING LEASE LIABILITIES

	31 March 2026	31 March 2025 Restated
	R	R
Total Operating Lease Liabilities	5,261,227	4,987,768

13.1 OBLIGATIONS UNDER OPERATING LEASES

At the reporting date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

	31 March 2026	31 March 2025 Restated
	R	R
Head office	34,021,776	39,059,008
No later than one year	5,389,837	5,037,231
Later than one year and not later than five years	25,605,708	23,930,569
Later than five years	3,026,231	10,091,208

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The SADPMR entered into a ten year-lease agreement for the head office in Kempton Park. The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs and 8.5% annual escalation on operating costs.

Parking costs are treated as contingent expense and excluded from the straight lining.

	31 March 2026	31 March 2025 Restated
	R	R
Kimberly office	66,375	-
No later than one year	13,195	-
Later than one year and not later than five years	53,180	-
Later than five years	-	-

The SADPMR entered into a 5-year lease agreement for the rental of the Kimberley office. The lease commenced on 01 October 2025 and provides for an escalation of 6.5% per annum

Total lease obligations

	31 March 2026	31 March 2025 Restated
	R	R
Not later than one year	5,403,032	5,037,231
Later than one year, less than five years	25,658,888	23,930,569
Later than five years	3,026,231	10,091,208
	34,088,151	39,059,008

14. EMPLOYEE BENEFIT LIABILITIES

SADPMR provides post retirement medical aid subsidy to qualifying employees and pensioners who meet the eligibility criteria per the employer's policy. These liabilities have been provided for in full, calculated on an actuarial basis.

Periodic valuation of the obligation is carried out by an independent actuary, the latest being 31 March 2026. The obligation is not funded (i.e. there are currently no assets specifically earmarked to back the accrued liability exposing the entity to medical inflation and interest rate risk). and the full obligation is recognised as a liability in the Statement of Financial Position. The present value of the defined benefit obligation is determined using the Projected Unit Credit.

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan are as follows:

	31 March 2026	31 March 2025 Restated
	R	R
In-service Members' accrued liability	11,708,000	10,076,000
Continuation Members' accrued liability	2,201,000	1,149,000
Net defined benefit liability (unfunded)	13,909,000	11,225,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The defined benefit obligation represents the present value of accrued post employment medical aid benefits. No plan assets exist to offset the obligation.

Defined Benefit Plan

	31 March 2026	31 March 2025 Restated
	R	R
Statement of Financial Position		
Present value of defined benefit obligation	13,909,006	11,224,963
Fair value of plan assets	-	-
Defined medical benefit obligation disclosed in Statement of Financial Position	13,909,006	11,224,963
Statement of Financial Performance		
Interest	1,459,000	1,357,100
Service cost	(1,555,000)	651,100
Remeasurements	3,014,000	1,925,000
	2,918,000	3,933,200
Reconciliation of opening and closing balances of present value of defined benefit obligation		
Present value of obligation on 1 April	11,224,963	9,108,100
Net Interest expense	1,459,000	1,357,100
Service costs	(1,555,000)	651,100
Current service costs	754,000	651,100
Past service costs	(2,309,000)	-
Remeasurements	3,014,000	1,925,000
Benefits paid	(233,957)	(180,375)
Settlement	-	(1,635,962)
Present value of obligation	13,909,006	11,224,963

The reduction in service costs results from the revised qualification criteria for post retirement medical aid.

Actuarial assumptions of defined benefit obligation

The following are the significant actuarial assumptions used to calculate the present value of the Entities defined benefit obligations for the as of 31 March 2026. The assumptions are expressed in absolute terms to provide clarity on their impact:

Discount Rate	9.20%	13.30%
Medical Inflation	6.70%	8.80%
Marital status	Actual	Actual
Age of spouse	Actual	Actual

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

A discount rate of 9.2% (13.3% 2025 FY) per year has been used to place a present value on future benefit payments for In- Service Members. This is consistent with the GRAP25 requirement that the discount rate used should be the long-term government bond yield applicable to the duration of the liability. The discount rate for in-service members was calculated using the Prudential Authority risk-free rates published on 28 February 2026, with reference to the DMT of the liabilities.

An expected long-term rate of increase to the medical aid subsidy, of 6.7% per year has been used to value the liabilities for all members. The medical inflation assumption has been set as follows:

The base inflation rate CPI: (after reduction of 0.5% IRP)	5.20%
Less inflation risk premium	-0.50%
Plus medical inflation premium:	2.00%
Equals the medical inflation assumption:	6.70%

Valuation method

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses. The results of the valuation depend on the assumptions used.

The plan accrued liability is taken as the aggregate of the present value of the employer's obligation required to settle the subsidies towards each member's medical scheme contributions, using a discounted cash flow approach.

The subsidies are assumed to be paid or payable, in terms of the employer subsidy policy, in respect of all continuation members. The subsidies are projected to grow with annual medical aid inflation increases allowing for expected future lifetimes of members and any adult dependent/spouse, into retirement, allowing for joint-life survival probabilities where applicable.

These projected cash flows for each member are then discounted back to the valuation date using the discount rate, and aggregated to form present value of the benefit, which is the accrued liability.

The discount rate has been determined by reference to market yields at the balance sheet date of South African long-term bonds.

General increases to the employer's medical aid subsidy ("medical inflation") take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. The inflation rate has been determined by reference to market yields at the balance sheet date of long-term bonds. The medical inflation premium has been set based on past experience for the industry.

The net defined benefit liability (the present value of the defined benefit obligation net of the fair value of any plan assets) is calculated as the present-day value of the employer's subsidy to current continuation members which is deemed to have accrued up to 31 March 2026.

Sensitivity analysis

The results are dependent on the assumptions used. The tables below show how the liability as at 31 March 2026 would be impacted by changes to these assumptions:

Continuation Members	(R)	% Increase
Assumptions as above	(11,225,000)	
Discount rate – increases by 1% p.a.	(9,504,000)	-15%
Discount rate – reduces by 1% p.a.	(13,326,000)	19%
Medical inflation – increases by 1% p.a.	(13,174,000)	17%
Medical inflation – reduces by 1% p.a.	(9,515,000)	-15%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

	31 March 2026	31 March 2025 Restated
	R	R
Contributions expected to be paid in the new financial year.	254,000	180,375

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	31 March 2026	31 March 2025 Restated
	R	R
National Government - Department of Mineral and Petroleum Resources	62,558,000	69,921,000
Other Grants	1,446,864	1,912,873
Total Government Grants and Subsidies	64,004,864	71,833,873

Other grants are from TETA and MQA to fund Workplace Experience training for interns, learners as well as Management and Executive Development Programme (MEDP).

16. RENDERING OF SERVICES

	31 March 2026	31 March 2025 Restated
	R	R
Diamond Valuation Service fees	23,987,498	28,129,870
Other services	5,606,333	6,157,405
Total Rendering of Services	29,593,831	34,287,275

Other services include fees charged for imports and exports of polished and unpolished diamonds. The decline in revenue is as a result of the depressed diamond industry which negatively affects revenue generated from service fees.

17. INTEREST EARNED

	31 March 2026	31 March 2025 Restated
	R	R
Total Interest Earned	2,915,997	4,372,996

The decline in interest is caused by the significant reduction in bank balances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

18. LICENCES AND PERMITS

	31 March 2026	31 March 2025 Restated
	R	R
Licences	3,900,761	4,054,713
Permits	308,500	212,000
Total Licences and Permits	4,209,261	4,266,713

19. OTHER REVENUE

	31 March 2026	31 March 2025 Restated
	R	R
Administration fees	45,200	33,600
Sale of diamond books and registers	63,450	73,800
Other income	366,629	234,743
Bad debts recovered	11,950	750
Recovery of expenses	113,067	-
Donations received	88,774	-
Total Other Revenue	689,070	342,893

Other income includes study fees recovered, MQA grant, legal fees recoverable and admin fees for learnership programme.

The amounts disclosed above for Other income are in respect of services rendered which are billed to or paid for by the users and is ancillary to the core business of SADPMR.

SADPMR received donations in-kind towards the staff recognition ceremony in recognition of employees' years of service and academic achievements.

20. EMPLOYEE-RELATED COSTS

	31 March 2026	31 March 2025 Restated
	R	R
Employees:		
Basic Salaries	77,666,517	81,036,455
Allowances	184,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)	10,855,051	12,767,143
Leave Accrual	411,479	(569,391)
Total Employee Related Costs	89,117,047	93,426,207

The reduction in employee costs is as a result of positions vacated in 2024/25 and 2025/26 financial years not filled due to financial constraints as well as the revised qualification criteria for post retirement medical aid.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

21. DEPRECIATION AND AMORTISATION

	31 March 2026	31 March 2025 Restated
	R	R
Depreciation: Property, Plant and Equipment	3,552,345	3,826,204
Amortisation: Intangible Assets	245,547	174,935
Total Depreciation and Amortisation	3,797,891	4,001,139

22. IMPAIRMENT LOSSES AND BAD DEBTS

The following impairment losses were recognised in the year under review:

22.1 IMPAIRMENT LOSSES ON PROPERTY PLANT AND EQUIPMENT

	31 March 2026	31 March 2025 Restated
	R	R
Impairment Losses Recognised:	537,476	-
Computer Equipment	366,574	-
Office Equipment	53,617	-
Security Equipment	117,285	-

22.2 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	31 March 2026	31 March 2025 Restated
	R	R
Impairment Losses Recognised:	(56,380)	-
Long-term Receivables	(6,141)	-
Receivables From Exchange Transactions	23	-
Receivables from Non-exchange Transactions	(2,078)	-
Cash and Cash Equivalents	(48,184)	-

22.3 IMPAIRMENT LOSSES ON STATUTORY RECEIVABLES

	31 March 2026	31 March 2025 Restated
	R	R
Statutory Receivables	-	(1,039)
Total Impairment Losses	481,096	(1,039)

The impairment of property, plant and equipment relates to assets that were damaged during the reporting period and no longer provided service potential to the entity. These assets were fully impaired and written down to zero at year-end. The affected assets are expected to be disposed of once the necessary internal approvals have been obtained.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

measured at amortised cost when assessing impairment. The impairment loss recognised on financial assets has been determined in line with the accounting policy disclosed in paragraph 3.

	31 March 2026	31 March 2025 Restated
	R	R
Bad Debts Written-off:	-	981
Bad Debts Written-off against Operating Account	-	981

23. FINANCE COSTS

	31 March 2026	31 March 2025
	R	R
Net interest expense/revenue on Defined Benefit Liabilities	1,459,000	1,357,100
Finance Leases	-	2,170
Total Finance Costs	1,459,000	1,359,270

Finance costs relate to interest incurred on Post Retirement Benefit Obligation as disclosed in the note 14.

24. REPAIRS AND MAINTENANCE

	31 March 2026	31 March 2025
	R	R
Computer Equipment	8,578	2,771
Leased Asset	102,268	327,765
Office Equipment and Furniture	29,536	2,384
Other Assets	203,134	158,952
Motor Vehicles	85,036	81,823
Total Repairs and Maintenance	428,552	573,695

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

25. OTHER OPERATING EXPENSES

	31 March 2026	31 March 2025
	R	R
Included in General Expenses are the following:		
Administrative fees	132,211	147,735
Audit fees	3,142,913	3,126,935
25.1 Accounting Authority costs	1,232,808	460,747
Cleaning	124,463	280,461
Computer accessories	-	689,373
CSR programmes	-	15,000
Document storage	178,590	270,776
Domestic travel	474,390	594,699
Lease of equipment	355,326	184,016
Hospitality	136,352	77,331
Inspection	44,126	41,691
Insurance	1,311,888	1,349,447
International travel	2,212,073	2,378,568
Inventory expense	399,721	712,132
Kimberley process	370,314	1,440,795
Legal expenses	745,507	1,287,668
Actuarial remeasurements	3,014,000	1,925,000
Motor vehicle expenses	205,083	253,000
25.2 Office lease expenses	7,580,715	7,569,053
Organisational Change Management	109,710	-
Strategic Planning	11,040	4,399
Postage and courier	3,995	6,700
25.4 Public relations	258,012	819,168
Recruitment and selection	-	71,930
Security	1,580,266	1,554,628
25.5 Software expenses	3,115,154	2,892,669
Staff recognition	5,565	24,512
Staff welfare	107,757	113,655
Subscription and membership	97,984	102,182
System support fees	498,141	1,989,202
25.3 Telecommunication	2,550,314	2,122,785
Training and development	791,338	1,136,090
Venue and facilities	-	67,801
Total General Expenses	30,789,755	33,710,148

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

25.1 ACCOUNTING AUTHORITY

	31 March 2026	31 March 2025
	R	R
Meeting fees	863,877	340,812
Other fees	239,556	119,935
Accounting Authority evaluation	129,375	-
	1,232,808	460,747

The Accounting Authority was appointed in September 2024 resulting in lesser expenditure for the 2024/25.

25.2 OFFICE LEASE

Office lease - space	5,155,353	5,578,894
Office lease - parking	575,151	333,021
Office lease - municipal services	1,212,679	1,120,171
Operating costs	637,532	536,966
	7,580,715	7,569,053

25.3 TELECOMMUNICATION

Internet, email and data storage	1,661,393	1,131,806
Telephone rental	88,477	108,984
Telephone usage	88,039	127,036
Cell phones and data	712,404	754,959
	2,550,314	2,122,785
	-	-

25.4 PUBLIC RELATIONS

Exhibition Stands	-	3,645
Wallpaper and logo rebranding	-	415,940
Annual report	125,378	142,188
Promotional material	-	35,926
Other	-	221,469
Mining Indaba	132,634	-
	258,012	819,168

Other public relations relates to the printing and publication of the annual report. Some activities were cancelled as part of cost containment measures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

25.5 SOFTWARE EXPENSES

	31 March 2026	31 March 2025
	R	R
Microsoft	2,681,639	2,532,956
Other	433,515	359,713
	3,115,154	2,892,669

Other includes Sage Pastel, Sage VIP, Asset module software and dynamic financial statement software license.

26. GAINS AND LOSSES ON OTHER OPERATIONS

	31 March 2026	31 March 2025
	R	R
Gains/(Losses) on Foreign Exchange	(276)	68,145
Net Other Gains and Losses	(276)	68,145

27. CHANGE IN ACCOUNTING POLICY

27.1 ADOPTION OF GRAP 104 - FINANCIAL INSTRUMENTS

The SADPMR adopted GRAP 104: Financial Instruments for the first time, with an initial date of application of 1 April 2025. The Standard replaces the accounting requirements previously applied to financial instruments.

The adoption of GRAP 104 has been accounted for as a change in accounting policy in accordance with GRAP 3, and applied in line with the transitional provisions of GRAP 104.

In accordance with these transitional provisions:

- Comparative information has not been restated.
- Any adjustments arising on initial application have been recognised in the accumulated surplus/deficit at the date of adoption.

CLASSIFICATION AND MEASUREMENT

On adoption of GRAP 104, financial assets and financial liabilities were reassessed and reclassified based on the entity's business model for managing the instruments and their contractual cash flow characteristics.

IMPAIRMENT OF FINANCIAL ASSETS

GRAP 104 introduces an expected credit loss (ECL) model for the impairment of financial assets measured at amortised cost. The entity has applied the simplified approach for trade receivables and similar financial assets.

The cumulative impact of recognising expected credit losses at the date of initial application resulted in an increase in allowance for expected credit losses and a corresponding adjustment to the accumulated surplus/deficit.

Increase in impairment of financial assets	(74,632)
Net adjustment recognised in accumulated surplus/deficit	(74,632)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

28. PRIOR PERIOD ERRORS

The prior period errors resulted from incorrect classification, calculation, and timing errors and were corrected retrospectively in line with GRAP 3, and the prior-year comparative figures have been restated accordingly.

Property Plant and Equipment and Intangible assets were overstated due to incorrect classification, assets disposed but not removed from the asset register and disposed assets that were subsequently returned to use.

Accrued expenses were understated because of incorrect billing by the landlord, while prepaid expenses were understated due to the use of an incorrect contract period in determining the prepaid portion.

Receivables from exchange transactions were overstated because an interest receivable accrual that was not reversed in the subsequent reporting period while employee benefit liability relate to adjustments that were not posted on the general ledger.

The errors were corrected retrospectively in line with GRAP 3, and the prior-year comparative figures have been restated accordingly.

The effect of the errors in the financial statements is summarised in table 28.1 and table 28.2

The effect of these corrections on the Statement of Financial Position is summarised in Table 20.1 below.

	Before Correction	Correction	After Correction
Table 28.1			
Decrease in Property Plan and Equipment	36,668,373	175,686	36,844,059
Increase in Accumulated Depreciation	(12,707,170)	(123,528)	(12,830,698)
Intangible Assets	5,858,774	(315,199)	5,543,575
Decrease in Accumulated Amortisation	(3,765,665)	138,842	(3,626,823)
Increase in Accrued Expense	(1,366,758)	(353,939)	(1,720,697)
Increase in Prepaid Expense	2,059,719	46,967	2,106,686
Decrease Receivables from Exchange Transactions	214,764	(77,162)	137,602
Increase in Employee Benefit Liability	(11,214,963)	(10,000)	(11,224,963)
	15,747,074	(518,333)	15,228,741

28.2 ERRORS AFFECTING THE STATEMENT OF FINANCIAL PERFORMANCE

The effect of these adjustments on the Statement of Financial Performance and Equity is summarised in Table 28.2 below.

	31 March 2025
Table 28.2	
Decrease in Interest Received	(77,162)
Decrease in Insurance	55,718
Increase in Software Licences	(8,750)
Increase in Depreciation	(5,327)
Decrease in Amortisation	8,307
Increase in Actuarial remeasurements	(10,000)
Increase in Deficit on Disposal of Assets	(10,555)
Decrease in Deficit for the Period	(47,769)
Decrease in Opening Accumulated Surplus	(470,573)
Decrease in Closing Accumulated Surplus	(518,342)

Management has strengthened the controls by performing monthly reconciliation for accruals, prepayments and asset disposals to prevent recurrence of similar errors. Additional reviews are implemented at year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

29. CHANGE IN ACCOUNTING ESTIMATES

29.1 DEPRECIATION/AMORTISATION EXPENDITURE:

During the year, management reviewed the useful lives of assets that continued to be used beyond their initially estimated useful lives. This review resulted in a change in accounting estimate, which was applied prospectively in accordance with GRAP 3, leading to a decrease/increase in depreciation expense of R96 591 for the current and future financial years.

The change in estimates resulted in the following:

Decrease in current year depreciation	96,591
Increase in future period depreciation	96,591

30. CASH GENERATED BY OPERATIONS

	31 March 2026	31 March 2025
	R	R
Surplus/(deficit) for the Year	(24,978,403)	(18,451,797)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Employee-Related Costs	505,711	(434,325)
Depreciation and Amortisation	3,797,891	4,001,148
Impairment Losses on assets	481,096	(1,039)
Finance Costs	1,459,000	1,357,100
Defined benefit related costs	1,459,000	2,576,100
Bad debts	-	981
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Loss on Disposal of Capital Assets	318,362	417,002
Operating surplus before working capital changes	(16,957,343)	(10,534,830)
(Increase)/Decrease in Inventories	120,556	113,684
(Increase)/Decrease in Receivables from Prepayments made	522,867	107,858
(Increase)/Decrease in Receivables from Exchange Transactions	(156,742)	193,904
(Increase)/Decrease in Statutory Receivables from Exchange Transactions	(481,031)	110,117
Decrease/(Increase) in Receivables from Non-exchange Transactions	262,563	(229,217)
Increase in Payables from Exchange Transactions	775,487	(2,518,156)
Increase/(Decrease) in Short Term Employee Benefits	(22,711)	(305,835)
Increase/(Decrease) in Provisions	(114,649)	(126,339)
(Decrease)/Increase in Conditional Grants and Receipts	-	(36,960)
Increase/(Decrease) in Operating Lease Liabilities	273,459	602,111
Increase/(Decrease) in Defined Benefits Obligation	(233,957)	(1,816,337)
Cash generated by Operations	(16,011,501)	(14,440,000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

31. NON-COMPLIANCE WITH PFMA

	31 March 2026	31 March 2025
	R	R
Irregular Expenditure	-	76,295
Fruitless and wasteful Expenditure	33,380	-
	33,380	76,295

Fruitless and wasteful Expenditure

31.1 CURRENT YEAR

Loss of laptops

Two laptops belonging to the entity were lost by employees on separate occasions. Assessments were conducted in both instances in line with the Assets Management Policy and the findings revealed lack of reasonable care in safeguarding the assets. In one instance, it is excess fee borne by the entity for the loss of a laptop and the other instance it is the full value of the laptop as it was not covered by insurance. The costs of R6 842 is recovered in full subsequent to year end and R26 538 is recoverable in instalments.

Irregular Expenditure

31.2 PRIOR YEAR

Procurement process not followed to acquire services.

Irregular expenditure which was under assessment in 2025/26 (valued at R76 295) related to the expenditure incurred without following the procurement process. The matter was concluded in the 2025/26 financial year and removed from the register after consequence management and the approval from the accounting authority. There were no criminal or fraudulent findings in the assessment of the matter and the removal was in line with the National Treasury framework on irregular expenditure.

32. COMMITMENTS FOR EXPENDITURE

32.1 COMMITMENTS

	31 March 2026	31 March 2025
	R	R
Approved and Contracted for:-		
Operational Expenditure	10,381,548	11,161,468
Capital Expenditure	4,620	1,997,134
Total Operational Commitments	10,386,168	13,158,602

Operational Commitments relates to commitments for operating expenditure approved and contracted for.

Commitments in respect of capital expenditure:

Office equipment	4,620	1,195,960
Furniture and Fittings	-	280,224
Softwares	-	520,950
	4,620	1,997,134

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

33. FINANCIAL INSTRUMENTS

33.1 CLASSIFICATION

FINANCIAL ASSETS:

In accordance with GRAP 104 the Financial Assets of the Entity are classified as follows:

		31 March 2026	31 March 2025
		R	R
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	-	14,755
Receivables from Exchange Transactions	Staff Debtors	105,549	122,847
Receivables from Exchange Transactions	Other Receivables	113,796	-
Cash and Cash Equivalents	Call Deposits	25,889,679	46,040,556
Cash and Cash Equivalents	Bank Balances	4,946,270	2,643,178
Cash and Cash Equivalents	Cash Floats and Advances	13,834	10,759
Total Financial Assets		31,069,128	48,832,095

FINANCIAL LIABILITIES:

In accordance with GRAP 104 the Financial Liabilities of the Entity are classified as follows:

		31 March 2026	31 March 2025
		R	R
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	362,122	180,821
Payables from Exchange Transactions	Accruals	2,300,306	1,720,697
Payables from Exchange Transactions	Other Creditors	312,712	235,930
Payables from Exchange Transactions	Salary Control	-	62,202
Total Financial Liabilities		2,975,140	2,199,650

33.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

33.3 SIGNIFICANT RISKS

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The SADPMR has exposure to the following risks from its operations in Financial Instruments:

- (a) Market Risk. (b) Liquidity Risk;
- (c) Credit Risk; and

Risks and exposures are disclosed as follows:

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 33.5 to the Annual Financial Statements.

33.4 MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

The SADPMR is exposed to the following types of market risk:

33.4.1 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to software licences, subscriptions and international insurance contract.

The SADPMR manages its exposure to foreign currency risk by actively monitoring exchange rate movements on an ongoing basis.

The SADPMR had no exposure to foreign currency risk at reporting date.

33.4.2 INTEREST RATE RISK

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The material change to SADPMR's exposure to interest rate risk from the previous year to the current year is due to the transfer of the Stanlib investment to the SA Reserve Bank.

The maximum exposure to interest rate risk is as follows:

	Average rate	31 March 2026	31 March 2025
Nedbank Ltd - Call account		-	26,833,189
Investec Ltd - Call account		-	2,673,873
SA Reserve Bank - Call account	7.5%	25,889,679	16,533,494
		25,889,679	46,040,556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

33.5 LIQUIDITY RISK

Liquidity risk is the risk encountered by the SADPMR in the event of difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There is a moderate increase to SADPMR's liquidity risk due to the declining cash resources, recurring deficits, and dependence on approval for retention of cash surpluses.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2026

	Total	Not later than one year	Later than one year less than five years	Later than five years
Accruals	2,300,306	2,300,306	-	-
Other creditors	312,712	312,712	-	-
Trade payables	362,122	362,122	-	-
	2,975,140	2,975,140	-	-

31 March 2025

	Total	Not later than one year	Later than one year less than five years	Later than five years
Accruals	1,720,697	1,720,697	-	-
Other creditors	235,933	235,933	-	-
Trade payables	180,821	180,821	-	-
	2,137,451	2,137,451	-	-

33.6 CREDIT RISK

Credit risk is the risk of financial loss to the SADPMR if a counterparty to a financial instrument fails to meet its contractual or statutory obligations.

The entity is exposed to credit risk arising from: - Cash and cash equivalent

- Receivables from exchange transactions -Receivables from non-exchange transactions
- Long-term receivables

Credit risk comprises counterparty risk, settlement/delivery risk, and default risk. The entity manages credit risk by applying an Expected Credit Loss (ECL) model in accordance with GRAP 104 (revised), using a Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) methodology adjusted for forward-looking information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Estimated Credit Loss (ECL) Model

The revised GRAP 104 provides three approaches for measuring ECL, applied based on the nature of the instrument:

Forward-looking information (FLI)

GRAP 104 requires ECL to incorporate reasonable and supportable forward-looking information about future economic conditions.

For SADPMR, FLI has been incorporated qualitatively. Multiple-scenario weighting has not been applied because — for the SADPMR portfolio — counterparty-specific factors dominate the ECL outputs and a multi-scenario model would not produce materially different results.

Credit Risk Grading

The Entity does not maintain an internal credit risk grading system. Counterparties are assessed individually on the basis of: -Public credit ratings (Moody's, S&P) for rated counterparties (Nedbank);

- Sovereign/public-entity status for SARB and SETA counterparties; -Internal payment behaviour for staff bursary debtors; and
- Counterparty-specific qualitative assessment for unrated counterparties (GIDZ).

Credit Quality

All in-scope financial assets at 31 March 2026 are classified Stage 1 (performing, no SICR). No assets are credit-impaired. No assets have been written off in the period. No financial assets have terms that have been renegotiated to avoid default.

Financial Instruments in Scope

33.6.1 RECEIVABLES FROM EXCHANGE TRANSACTIONS STAFF DEBTORS

ECL Approach

As per ASB note on GRAP 104: adopts the simplified approach for receivables, including lease receivables. The expected cash flows are based on the lifetime expected credit losses of the receivable. Lifetime losses reflect the possible occurrences of default over the lifetime of the asset.

PD 1.65% (12-month); - on a simplified basis, lifetime estimate assuming 3 years average loan term Lifetime PD = $(1.0165)^3 = 5\%$, as at March 2026, and remains the same as at March 2025 and March 2024.

LGD 11.5%;

Discount factor 1.0 (short residual life).

	31 March 2026	31 March 2025
	R	R
Estimated credit losses	692	809

Rational

The SADPMR staff debtor history shows no history of default, and based on feedback from the employer, full amount of all outstanding staff loans were recovered within a suitable loan period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Therefore, in order to assess a real world probability of default rate, and a loss given default percentage, public sources of data, or studies on staff debt default characteristics need to be accessed.

Public data on staff debt default rates and loss rates was not available, in the South African context. A review of a Harvard based study on staff debt was therefore used.

The following considerations allow for these findings to be adapted to the South African context: -SADMPR staff have no historical default history, therefore credit quality will be in the highest percentile

- With a public-sector SA employer (i.e. SADPMR, Payroll-administered loans), typically associated with a more stable employment base and lower baseline default risk,
- the applicable rate would be at or below the lower bound of this range — and is consistent with the zero-default empirical track record reported for SADPMR

Trade and Other Receivables

Counterparty: various trade debtors arising in the ordinary course of business, predominantly interest and trade income for diamond valuation services rendered.

ECL Approach: Simplified

We have assessed the very short-term nature of the trade receivables, as well as the reducing value of the receivable over the past several years. We have therefore applied a similar low-risk, PD and LDG, as for the banking entities that were counterparties to the interest receivable elements from prior years.

Hence the results of the ECL assessment is as follows:

	EAD	PD	LGD	ECL
31 March 2026	75,809	0.62%	20%	94
31 March 2025	91,917	0.62%	20%	114

33.6.2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS MINING QUALIFICATION AUTHORITY (MQA)

Counterparty: Mining Qualification Authority - a SETA established under the Skills Development Act 97 of 1998

ECL Approach: Simplified

As per the ASB note on revised GRAP 104: adopts the simplified approach for receivables, including lease receivables. The expected cash flows are based on the lifetime expected credit losses of the receivable. Lifetime losses reflect the possible occurrences of default over the lifetime of the asset.

On a simplified basis, lifetime estimate estimated allowing for 1 year to expiry of obligation -Lifetime PD FY 2026=1.15%, annual renewal of grants making , lifetime is essentially 12 months

- Lifetime PD FY 2025= 1.57%
- Lifetime PD FY 2024= 1.91%

LGD 40%;

Discount factor 1.0 (short residual life).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

	31 March 2026	31 March 2025
	R	R
Estimated credit losses	829	2,626

Transport Education and Training Authority

Counterparty: Transport Education and Training Authority — a SETA established under the Skills Development Act.

ECL Approach: Simplified

As per the ASB note on revised GRAP 104: adopts the simplified approach for receivables, including lease receivables. The expected cash flows are based on the lifetime expected credit losses of the receivable. Lifetime losses reflect the possible occurrences of default over the lifetime of the asset.

On a simplified basis, lifetime estimate estimated allowing for 1 year to expiry of obligation -Lifetime PD FY 2026=1.15%, annual renewal of grants making , lifetime is essentially 12 months

- Lifetime PD FY 2025= 1.57%
- Lifetime PD FY 2024= 1.91%

LGD 40%;

Discount factor 1.0 (short residual life).

	31 March 2026	31 March 2025
	R	R
Estimated credit losses	357	646

33.6.3 LONG-TERM RECEIVABLE

Counterparty: Gauteng IDZ Development SOC Limited ("GIDZ") — a state-owned special purpose vehicle and subsidiary of the Gauteng Growth and Development Agency (GGDA).

No history of defaults

The deposit relates to the SADPMR head office lease at OR Tambo SEZ (Kempton Park) and is recoverable on lease expiry (September 2031).

ECL Approach: Simplified

Per the ASB note on revised GRAP 104: adopts the simplified approach for receivables, including lease receivables. The expected cash flows are based on the lifetime expected credit losses of the receivable. Lifetime losses reflect the possible occurrences of default over the lifetime of the asset.

On a simplified basis, lifetime estimate estimated allowing for years till expiry of lease. -Lifetime PD FY 2026=6.4%

- Lifetime PD FY 2025= 10.59%

LGD 40%;

Discount factor 1.0 (short residual life).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

	31 March 2026	31 March 2025
	R	R
Estimated credit losses	9,577	15,717

Rationale

While lease clauses implies the deposit relates to a bank-guarantee, details are not available from GIDZ on this. Instead, the nature of the counterparty GIDZ was considered.

Public data on state owned entity default rates and loss rates were not currently accessible, in the South African context, therefore an alternative assessment was considered based on the implied default rates from observed Credit Default spreads for SA government bonds which is a good proxy for the credit rating, and therefore implied SA sovereign default risk.

GIDZ has several characteristics that significantly reduce credit risk: -It is a provincial entity under PFMA

- Operates with a government mandate, making unilateral wind-up or default unlikely -Is subject to National Treasury oversight and has government backing

Therefore, the probability of default would be very low, with no indicators of GIDZ being in financial distress.

Similarly, the loss given default would be low as well, especially considering the potential additional security of the bank guarantee.

33.6.4 CASH AND CASH EQUIVALENT

Counterparty: Nedbank Limited — current and call deposit accounts, Investec Call accounts, and the SARB call account.

Counterparty: South African Reserve Bank — Corporation for Public Deposits (CPD) account.

31 March 2026

	EAD	PD	LGD	ECL
Investec	0	0.62%	20%	-
Nedbank	4,946,270	0.62%	20%	6,133
SARB Call Account	25,889,679	0.01%	20%	518

31 March 2025

	EAD	PD	LGD	ECL
Investec	2,673,873	0.85%	20%	4,533
Nedbank	29,476,367	0.85%	20%	49,972
SARB Call Account	16,533,494	0.01%	20%	331

ECL approach: General — Stage 1 (low credit risk simplification considered, but full PD/LGD calculation performed for transparency), as there hasn't been any SICR (Significant Increase in Risk)

The SADPMR adopted the approach of using a credit rankings approach of selected and major South African banking instruments, then relating these to established global model points anchored to published studies on historical default tables, in order to interpolate SA instrument PDs, then build an LGD Matrix.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

South African Banks are rated Ba2 (Moody's)

Finally, the published evidence indicates a loss given default ranging from 15% to 100%, and much lower losses for shorter term deposits and call accounts - between 15%-25%; i.e 20% as a mid-point estimate.

Expected Credit Losses (ECL) Reconciliation

	Total	Receivables from Exchange Transactions	Cash and Cash Equivalent	Receivables from Non- Exchange Transactions	Long-Term Receivables
Loss allowance at 1 April 2025	74,632	809	54,836	3,270	15,717
Net remeasurement of loss allowance	(56,380)	23	(48,184)	(2,078)	(6,141)
Loss allowance at 31 March 2026	18,252	832	6,652	1,192	9,576

		31 March 2026	31 March 2025
		R	R
The maximum exposure to credit risk is as follows:			
Long-term Receivables		375,232	375,232
Receivables from Exchange Transactions		294,345	137,602
Receivables from Non-exchange Transactions		258,728	521,290
Bank, Cash and Cash Equivalents		30,843,131	48,694,493
Maximum Credit Risk Exposure		31,771,436	49,728,617
Bank and Cash Balances			
Nedbank Ltd	Current	4,939,142	2,625,022
Nedbank Ltd	Call	-	26,833,189
Nedbank Ltd	Call - Salary savings	7,128	18,156
SA Reserve Bank	Call	25,889,679	16,533,494
Investec Ltd	Call	-	2,673,873
Cash on hand	Cash	13,834	10,759
Total Bank and Cash Balances		30,849,783	48,694,493

34. RELATED-PARTY TRANSACTIONS

34.1 CONTROLLING ENTITY

The Department of Mineral and Petroleum Resources is the controlling party.

	31 March 2026	31 March 2025
	R	R
Total transactions	62,558,000	69,921,000

The transactions relate to the transfer payment (grant) from the Department of Mineral and Petroleum Resources and recorded as revenue from non exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban office officials. Both these offices have two officials from SADPMR. There is no reliable estimates to recognise services in kind at year end .

There were no balances owed by or due to DMPR at the end of the year under review nor commitments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

34.2 NATIONAL GOVERNMENT

The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended. The SADPMR being a government entity reports to the National Department. Accordingly, a related party relationship is implied, notwithstanding that all SADPMR'S transactions with government entities are at arm's length and on commercial terms.

34.3 OTHER PUBLIC ENTITIES

Mining Qualification Authority (MQA)

The SADPMR entered into an arrangement with MQA to provide Workplace Experience training to Interns appointed by MQA for a period of 12 months. In terms of the arrangement MQA will pay SADPMR the grant to fund training of the Interns.

The SADPMR also receives a grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills Plan (WSP).

The revenue received is included in revenue from exchange transaction.

	31 March 2026	31 March 2025
	R	R
Total transactions	977,451	1,070,020
Amount owed by	179,902	418,357

34.4 MEMBERS OF MANAGEMENT OF THE ENTITY

There were transaction with management as discussed below:

Executive Management Remuneration

	31 March 2026			
	Basic Salary	Disability cover	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,516,569	44,125	362,866	2,923,560
Y Lusibane - Chief Financial Officer	1,932,864	32,458	183,302	2,148,624
L Nkhumshe - GM: Corporate Services	1,900,480	33,103	257,599	2,191,182
T Motloun - GM: Regulatory Compliance	1,821,919	32,458	294,247	2,148,624
P Motsepe - GM: Governance	1,892,735	32,458	223,431	2,148,624
Totals	10,064,567	174,602	1,321,445	11,560,614

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

	31 March 2025				
	Basic Salary	Termination leave	Disability cover	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,528,792	-	42,977	336,332	2,908,101
Y Lusibane - Chief Financial Officer	1,934,054	-	31,621	171,928	2,137,603
L Nkhumishe - GM: Corporate Services	1,908,131	-	32,248	239,206	2,179,585
C Mlondo - GM: Diamond Trade #	765,019	212,842	13,936	134,854	1,126,651
T Motloun - GM: Regulatory Compliance	1,831,862	-	31,621	273,789	2,137,272
P Motsepe - GM: Governance	1,897,155	-	31,621	208,480	2,137,256
Totals	10,865,013	212,842	184,024	1,364,589	12,626,468

Retired August 2024

Non- executive members of the Accounting Authority and Other Committees

	31 March 2026		
	Meeting fees	Other activities	Total
Mr MA Mngomezulu	123,369	110,179	233,548
Dr T Khoza	112,430	8,338	120,768
Mrs F Mushohwe	130,224	25,632	155,856
MR M Cawe	65,902	16,020	81,922
Adv L Pretorius	62,734	16,020	78,754
Mr R Molapo	55,824	16,676	72,500
Ms F Mokwena	33,530	-	33,530
Dr N Skeepers \$	58,544	-	58,544
Ms L Mtshali	103,548	8,010	111,558
Mr T Baloyi	81,344	18,671	100,015
Mr B Mnguni #	36,428	20,010	56,438
TOTAL NON-EXECUTIVE REMUNERATION	863,877	239,556	1,103,433

\$ Deceased December 2025

Independent member of the Finance , Audit and Risk Committee

	31 March 2025		
	Meeting fees	Other activities	Total
Mr MA Mngomezulu	57,312	102,313	159,625
Dr T Khoza	30,308		30,308
Mrs F Mushohwe	38,318	8,010	46,328
MR M Cawe	29,426		29,426
Adv L Pretorius	29,426		29,426
Mr R Molapo	29,426		29,426
Ms F Mokwena	29,426		29,426
Dr N Skeepers	29,426		29,426
Ms L Mtshali	38,318	1,602	39,920
Mr T Baloyi	29,426	8,010	37,436
TOTAL NON-EXECUTIVE REMUNERATION	340,812	119,935	460,747

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

35. CONTINGENT LIABILITIES

35.1 SURPLUS FUNDS

The SADPMR as a schedule 3A public entity is required to surrender any cash surpluses to the relevant revenue fund (via its designated department). The public entity will identify the surpluses as at the reporting date as defined in the National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and The surplus is calculated in terms of National Treasury Instruction No. 03 of 2025/2026.

	31 March 2026	31 March 2025
	R	R
Contingent liability subject to approval by National Treasury.	20,801,507	39,442,804

35.2 DISPUTE WITH FORMER EMPLOYEES

At the reporting date, the SADPMR was subject to a Labour Court judgment relating to a dispute with former employees. The Court ruled in favour of the former employees and ordered the entity to reinstate them and to settle employment-related benefits

At 31 March 2026, the judgment gave rise to a present obligation and a reliable estimate of the potential outflow, amounting to approximately R21.7 million. In terms of GRAP 19 Provisions, Contingent Liabilities and Contingent Assets, this would ordinarily result in the recognition of a provision. Subsequent to the reporting date, the SADPMR lodged an application for leave to appeal the Labour Court ruling. The appeal process suspends the enforceability of the judgment and introduces uncertainty regarding the probability of an outflow of resources. Based on legal advice obtained from the entity's legal representatives, management has assessed that there are reasonable prospects of success in the appeal. Accordingly, the likelihood of an outflow of economic benefits is not considered probable at the date of approval of the Annual Financial Statements.

The lodging of the appeal constitutes an adjusting event, as it provides additional evidence regarding conditions that existed at the reporting date, specifically the uncertainty surrounding the outflow of economic benefits. Consequently, the potential obligation has not been recognised as a provision but is disclosed as a contingent liability in accordance with GRAP 19.

Should the appeal be unsuccessful, the entity may be required to settle an estimated amount of approximately R21.7 million.

35.3 LEGAL COSTS ORDERED AGAINST SADPMR

The court judgement in relation to the former employees' matter also ruled that SADMPR pays the costs of legal fees of the former employees in the matter. The costs are unknown at the time of reporting and the execution of the judgment is suspended by the appeal process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

36. CONTINGENT ASSETS

36.1 INSURANCE CLAIMS

The SADPMR suffered a flooding incident in February 2026 at its offices in Kempton Park leased from GIDZ, caused by a fire sprinkler leak. The incident resulted in damage to some of its assets that required repairs and/or replacement. A claim was lodged with the insurer for the damaged assets to the value of R2 million. At year end the claim had not been approved by the insurance company.

37. EVENTS AFTER THE REPORTING DATE

37.1 ADJUSTING EVENTS

Application for Leave to Appeal Labour Court Judgement

During the financial year under review, the South African Diamond and Precious Metals Regulator (SADPMR) received an adverse judgment from the Labour Court in relation to a dispute with former employees.

Subsequent to the reporting date, the SADPMR lodged an application for leave to appeal the judgment. In terms of GRAP 14 (Events After the Reporting Date), this action is treated as an adjusting event because it provides additional evidence regarding the legal conditions and obligations that existed at the reporting date. Specifically, the application for leave to appeal demonstrates that the matter remains legally contested and introduces significant uncertainties regarding the probability of an outflow of resources embodying economic benefits or service potential.

Consequently, management has assessed the conditions under GRAP 19 (Provisions, Contingent Liabilities and Contingent Assets) and determined that the criteria for recognising a provision at the reporting date were not met. No adjustment was required in the financial statements as no baseline liability had been recorded. The matter has been fully disclosed as a contingent liability under Note 35 pending the outcome of the appeal proceedings.

37.2 NON ADJUSTING EVENTS

Insurance Claim for Damaged Assets

In February 2026, the SADPMR experienced a flooding incident at its Kempton Park offices, resulting in damage to assets. A claim of R2,000,000 was lodged with the insurers, which remained unapproved at the reporting date. In April 2026, the insurance company formally approved and settled the claim. The financial effect of this non-adjusting event is a post-year-end insurance recovery income and cash inflow of R2,000,000, which will be recognised in the 2026/2027 financial year.

38. GOING CONCERN ASSESSMENT

The Annual Financial Statements have been prepared on the going concern basis in accordance with GRAP 1 Presentation of Financial Statements, which requires management to assess the entity's ability to continue as a going concern and to disclose material uncertainties where relevant.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

The Accounting Authority has assessed the SADPMR's ability to continue as a going concern for a period of at least twelve months from 31 March 2026. This assessment included consideration of the entity's current financial position, cash flow forecasts, funding arrangements and prevailing economic conditions. Based on this assessment, the Accounting Authority is satisfied that the entity will be able to realise its assets and settle its liabilities in the ordinary course of business for the foreseeable future.

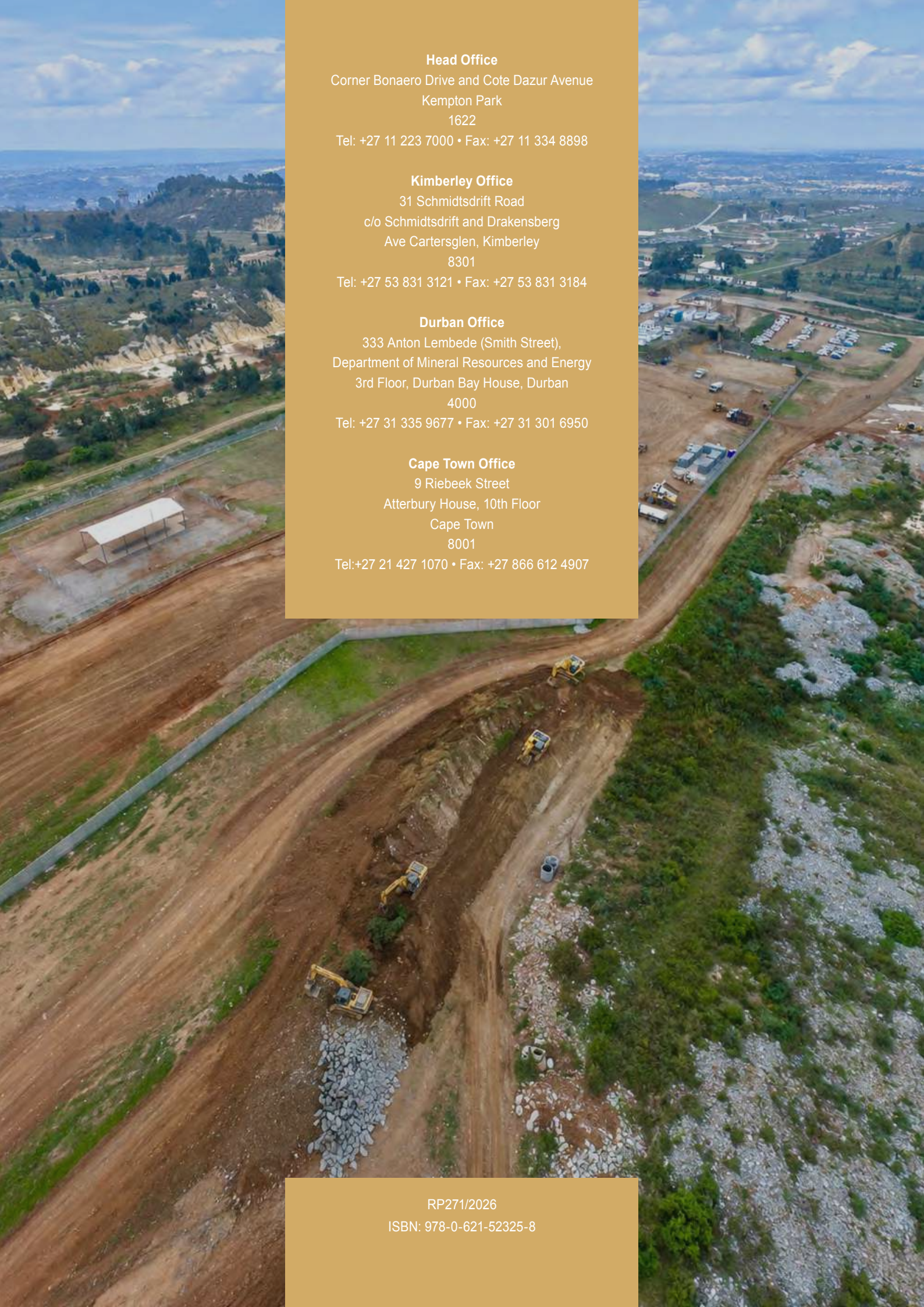
Notwithstanding the above, the Accounting Authority has identified the existence of material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern beyond the assessment period. These uncertainties include:

- a. The entity's significant dependence on transfers from the Department of Mineral and Petroleum Resources (DMPR) and its reliance on National Treasury approval to retain accumulated cash surpluses;
- b. The continued depressed state of the diamond industry, which adversely affects the sustainability of internally generated revenue from services and fees;
- c. Projected depletion of cash reserves by April 2027, based on current cash flow forecasts;
- d. Ongoing operating deficits and a declining accumulated surplus, with the entity reporting a net deficit for the year ended 31 March 2026;
- e. A cost structure that is largely fixed in nature, particularly employee-related costs, limiting short-term flexibility in expenditure management;
- f. Uncertainty regarding future funding and revenue enhancement measures, including approval of tariff increases and additional funding interventions.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The Accounting Authority has, however, concluded that it remains appropriate to prepare the Annual Financial Statements on a going concern basis, taking into account:

- a. Confirmed government grant allocations over the Medium-Term Expenditure Framework period, including additional funding communicated during the year;
- b. Ongoing implementation of cost containment and cash management measures; and
- c. The entity's continued legislative mandate and expected continued support from the shareholder department.

The Annual Financial Statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the entity be unable to continue as a going concern.



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