FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

12. Other financial assets

	Fair value hierarchy	2018 US$'000	2017 US$'000
Non-current assets			
Investments in money markets, current accounts, cash funds and income funds	Level 2	5 012	3 767
Current assets			
Investments in equity instruments	Level 1	40	49
Forward exchange contracts	Level 2	804	–
Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited	Level 3	142	–
		986	49

Investments in money markets, current accounts, cash funds and income funds – fair value through profit or loss

Investment in money market and current accounts totalling US$3.8 million (2017: US$2.6 million) is managed by Centriq Insurance Company Limited ('Centriq') (2017: Guardrisk Insurance Company Limited). The investment serves as security for the guarantee issued by Centriq (2017: Guardrisk Insurance Company Limited) to the Department of Mineral Resources ('DMR') for the rehabilitation provision. The guarantee issued by Centriq has a fixed cover period from 1 December 2014 to 30 November 2020.

Investment in cash funds and income funds of US$1.2 million (2017: US$1.2 million) managed by Stanlib Collective Investments. The investment is ceded to Lombard Insurance Group ('Lombard') against a ZAR12.0 million (2017: ZAR12.0 million) guarantee issued by Lombard on behalf of Arxo Logistics Proprietary Limited to Transnet Freight Rail, a division of Transnet SOC Limited.

The investments in cash funds and income funds are unsecured and held at fair value through profit or loss (designated). The underlying investments are in money market and other funds and the fair value has been determined by reference to their quoted prices.

Investments in equity instruments – fair value through profit or loss

Investments at fair value through profit or loss are valued based on quoted market prices at the end of the reporting period without any deduction for transaction costs. The investment represents shares in the Bank of Cyprus Public Co Limited.

Forward exchange contracts – fair value through profit or loss

The Group entered into a number of forward exchange contracts to hedge certain aspects of the foreign exchange risk associated to the conversion of the US$ to the ZAR. The net exposure of these contracts is US$28.6 million (2017: US$36.2 million) with various expiries no later than 20 December 2018 (2017: no later than 30 November 2017).

Option to acquire shares in Salene Chrome Zimbabwe (Private) Limited

The Company has been granted a call option to acquire a 90.0% shareholding in Salene Chrome Zimbabwe (Private) Limited ('Salene') a company incorporated in Zimbabwe from the Leto Settlement, a related party. Salene has been awarded three Special Grants under the Zimbabwe Mines and Minerals Act covering an area of approximately 9 500 hectares (95 km^2) on the eastern side of the Great Dyke in Zimbabwe, which entitles it to mine the minerals thereon including illuvial chrome, being at surface chrome fines generated from seams as a result of weathering. The call option is exercisable upon completion of an initial exploration programme. In consideration of the call option, the Group will undertake the initial exploration programme including the costs thereof up to an amount of US$3.2 million. The decision to exercise the call option is at the Group's election.

At the date of this report, insufficient information was available to accurately determine the fair value of the call option, more specifically the value of the net assets of the Special Grants or the profits attributable thereto. The Group believes this may only be possible once the initial exploration programme has been completed. As a result, the fair value represents the aggregate of the initial exploration programme costs incurred to 30 September 2018.