Zambezi
Platinum (RF) Limited

EMPOWERING A NEW ERA IN MINING

ANNUAL REPORT

2021

Zambezi
Platinum (RF) Limited

Zambezi Platinum (RF) Limited's (Zambezi or the company or the group) previously held a strategic stake in Northam Platinum Limited (Northam).

Incorporated in the Republic of South Africa
Registration number 2014/106927/06
JSE preference share code: ZPLP
ISIN code: ZAE000202552

WHO WE ARE

The mighty Zambezi River, one of Africa's largest, sustains the livelihood of millions of people in a number of sub-Saharan countries. Much like this invaluable watercourse, Zambezi Platinum (RF) Limited (Zambezi or the company or the group) was established to deliver benefits for all its stakeholders, on which it has delivered.

Zambezi is a special purpose black economic empowerment (BEE) vehicle established in October 2014 as a result of a BEE Transaction (Northam BEE Transaction) with Northam Platinum Limited (Northam). The transaction included the successful raising of R4.6 billion and was approved by Northam Shareholders on 19 March 2015. Apart from its function as an empowerment vehicle, Zambezi has not and will not conduct any operational business.

During the 30 June 2021 financial year, Zambezi and Northam entered into the Implementation Agreement wherein the terms of a proposed acceleration of the maturity and the wind-up of the Northam BEE Transaction were agreed. As detailed in the joint circular to Zambezi Preference Shareholders and Zambezi Ordinary Shareholders (Zambezi Scheme Circular) and the circular to the Zambezi Ordinary Shareholders (Zambezi Disposal Circular), both dated Monday, 21 June 2021 (collectively, the Transaction Documents), the acceleration of the maturity and the wind-up of the Northam BEE Transaction results in Northam acquiring all the Zambezi Preference Shares, the settlement of the Zambezi Preference Share liability, the Distribution of the residual value in Zambezi to Zambezi's Ordinary Shareholders and Northam becoming entitled to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date.

The Zambezi Preference Shares were delisted from the Main Board of the JSE from the commencement of trade on 24 August 2021 as part of the execution of the accelerated maturity and wind-up of the Northam BEE Transaction.

Market information and statistics for the Zambezi Preference Shares for the year under review:

	30 June 2021	30 June 2020
Total number of Zambezi Preference Shares (ZPLPs) in issue	**159 905 453**	159 905 453
Closing Zambezi Preference Share price (cents)	**9 750**	8 100
Highest Zambezi Preference Share price traded (cents)	**10 000**	9 000
Lowest Zambezi Preference Share price traded (cents)	**7 600**	6 200
Number of Zambezi Preference Shares traded	**88 611 019**	69 095 778
Value of transactions traded (R000)	**8 121 733**	5 207 400
Number of Zambezi Preference Shares held by Northam	**139 972 496**	53 595 254
Percentage holding by Northam	**87.5%**	33.5%

Northam has been appointed to attend to the day-to-day management of Zambezi and the annual financial statements have therefore been prepared under the supervision of the chief financial officer of Northam.

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KEY FEATURES

The increase in the Northam share price has provided an opportunity to realise value for Zambezi Ordinary Shareholders





The value unlock in Zambezi permanently secures and transfers unencumbered value created within Zambezi

DIRECTORS AT 30 JUNE 2021

KB Mosehla	(non-executive chairman)
PA Dunne	(non-executive director) (British)
AH Coetzee	(non-executive director)
N Mazwai	(non-executive director)
ME Motseki-Zim	(non-executive director)
GS Mseleku	(non-executive director)
BB Nene	(non-executive director)
ZP Ntshalintshali	(independent non-executive director)
CM Ntuta	(independent non-executive director)
KH Sekhokho	(independent non-executive director)
LC van Schalkwyk	(non-executive director)

DIRECTORS WITH EFFECT FROM THE NET VALUE DISTRIBUTION DATE

PA Dunne	(non-executive director) (British)
AH Coetzee	(non-executive director)
LC van Schalkwyk	(non-executive director)

ACCELERATED MATURITY AND WIND-UP OF THE NORTHAM BEE TRANSACTION

On 22 March 2021, Northam and Zambezi entered into an Implementation and Framework Agreement (Implementation Agreement), wherein the terms of the proposed acceleration of the maturity and wind-up of the Northam BEE Transaction (Transaction) were agreed. The Transaction (excluding the Zambezi Preference Share Redemption) was implemented in stages on 23 August 2021, 3 September 2021, 6 September 2021 and 7 September 2021.

For disclosure of the estimated financial effect of the Transaction refer to the notes to the financial statements.

Full details of the Transaction are included in the Zambezi Scheme Circular and the Zambezi Disposal Circular (the Transaction Documents).

Readers are referred to the Zambezi website at www.northam.co.za/zambezi/ for access to the Transaction Documents.

With the acceleration of the maturity and the wind-up of the Northam BEE Transaction, the risks associated with maturation on 17 May 2025, have been mitigated. As highlighted by the stark share price movements brought about at the onset of the COVID-19 pandemic, settlement of the Northam BEE Transaction is subject to singularity risk. An adverse market event occurring on or about 17 May 2025 could pose a risk to the value created for Zambezi Ordinary Shareholders, increasing the risk of a claim under the guarantee provided by Northam (Guarantee), which could pose a risk to the value of the Northam Ordinary Shares transferred to Zambezi Preference Shareholders should Northam elect to settle the Guarantee through the issue of new Northam Shares.

The disclosures included in the Zambezi annual financial statements regarding the Transaction are in accordance with the requirements included in IAS 10 Events after the Reporting Period (IAS 10). IAS 10 paragraph 21 requires the disclosure of material non-adjusting events occurring after the reporting period when non-disclosure could influence the decisions of users of the financial statements made on the basis of those financial statements. The Transaction constitutes such an event.

The following disclosures are therefore required: (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

In line with the reporting requirements of International Financial Reporting Standards (IFRS) and following the guidance of IAS 10 as disclosed above, all values and number of shares relating to the Transaction have been disclosed based on the base case *pro forma* financial information of Zambezi as set out in the Transaction Documents as at the Last Practicable Date of 30 April 2021 (LPD).

Users of the Zambezi annual financial statements are referred to the Transaction Documents for additional information relating to the Transaction, as well as the underlying assumptions and judgements applied in calculating the number of shares, as well as the values disclosed, in order to obtain full information of the nature and impact of the Transaction.

The acceleration of the maturity and wind-up of the Northam BEE Transaction comprises the following steps [1]:

Acquisition by Northam of the Zambezi Preference Shares not already held and settlement of the Zambezi Preference Shares (as disclosed in the Zambezi Scheme Circular)	• Northam acquired the remaining 19 932 957 Zambezi Preference Shares, not already held by Northam, for an aggregate cash consideration equal to the aggregate Face Value plus 15.99% premium to the Face Value per Zambezi Preference Share • Zambezi settled the unpaid Accumulated Dividends plus an 11.11% recurring premium to the Face Value as at the Zambezi Scheme Implementation Date (Revised Accumulated Dividends) through a repurchase by Northam of Northam Shares held by Zambezi, valued at R160 per Northam Share • Zambezi terminated the listing of the Zambezi Preference Shares on the Main Board of the JSE • In addition, on or before 17 May 2025, the capital value of the Zambezi Preference Shares will be settled through a repurchase by Northam of Northam Shares held by Zambezi, valued at R160 per Northam Share • The net effect of the above was a repurchase by Northam of 94 992 488 Northam Shares, valued at R160 per share, from Zambezi, to settle the Revised Accumulated Dividends (comprising 54 016 716 Northam Shares) and later, to settle the capital value of the Zambezi Preference Shares (comprising 40 975 772 Northam Shares)
Repurchase of Northam Shares from Zambezi by Northam (as disclosed in the Zambezi Disposal Circular)	• Northam repurchased 35 458 356 additional Northam Shares from Zambezi, at R152 per share. A portion of the repurchase proceeds was paid as a cash Distribution to Zambezi Ordinary Shareholders and the remainder of the repurchase proceeds will be retained by Northam and used to settle the taxes payable by Zambezi that arise from the Transaction on behalf of Zambezi
Net Value Distribution to Zambezi Ordinary Shareholders (as disclosed in the Zambezi Disposal Circular)	• The Net Value Distribution was made to Zambezi Ordinary Shareholders including employees and communities comprising a cash dividend and a dividend *in specie* of the residual 29 454 609 Northam Shares held in Zambezi • Northam repurchased an additional 1 242 331 Northam Shares from the ESOP at the 30-Day VWAP per share, for the settlement of the taxes relating to the ESOP's portion of the Net Value Distribution

[1] *All values and number of shares disclosed are based on the base case pro forma financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.*

ABOUT ZAMBEZI PLATINUM (RF) LIMITED

HISTORY AND NATURE OF THE BUSINESS

Zambezi was incorporated as a private company on 2 June 2014, created as a special purpose vehicle to facilitate the Northam BEE Transaction as detailed in the Northam transaction circular dated 17 February 2015, the Northam offer circular dated 21 April 2015 (Offer Circular) (collectively, the circulars) and the Zambezi prospectus to Northam Shareholders dated 21 April 2015 (prospectus). The circulars and prospectus are available on the company's website www.northam.co.za/zambezi/.

On 16 February 2015, the company converted to a public company, changed its name to Zambezi Platinum (RF) Limited and became a ring-fenced company in terms of the Companies Act, No. 71 of 2008, as amended from time to time (Companies Act) with restrictions in terms of its conduct of business activities. On 11 May 2015, Zambezi listed on the Main Board of the JSE in terms of the JSE Debt Listings Requirements (Listings Requirements), with the preference share code ZPLP, to facilitate the Northam BEE Transaction. Prior to the company's conversion to a public company and listing on the JSE, Zambezi did not conduct any business operations or activities.

On the implementation date of the Northam BEE Transaction, described in the Offer Circular and prospectus, being 18 May 2015, Zambezi allotted and issued 159 905 453 Zambezi Preference Shares to offer participants, 10 000 Zambezi Ordinary Shares to HDSA participants and 1 N Share to Northam. The Zambezi Ordinary Shares and the N Share were not listed on the JSE.

As part of the Northam BEE Transaction, the company received 112 195 122 Northam Shares and acquired a further 47 710 331 Northam Shares from the Public Investment Corporation SOC Limited (PIC), totaling 159 905 453 Northam Shares (BEE Shares). The company undertook not to dispose of or encumber the BEE Shares for the duration of the 10-year Lock-in period, up until May 2025, other than in accordance with the Zambezi Pref Share Terms and the Zambezi pledge and cession agreement.

As at 30 June 2021, the Northam Shares held by Zambezi represented a 31.4% HDSA holding in Northam's issued share capital.

With the acceleration of the maturity and wind-up of the Northam BEE Transaction, the proceeds from the disposal of a portion of the Northam Shares held by Zambezi are to be used to settle both the Zambezi Preference Share liability and the taxes payable by Zambezi. The remaining net unencumbered value in Zambezi, comprising cash and 29 454 609 Northam Shares [2], has been distributed to the Zambezi Ordinary Shareholders.

[2] *The number of shares disclosed is based on the base case pro forma financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.*

Previously, the acquisition of the Northam Shares by Zambezi consisted of two parts. Firstly, Northam issued 112 195 122 new Northam Shares on 18 May 2015 to Zambezi, representing 22.0% of Northam's issued share capital at a subscription price of R41 per share, for a consideration of R4.6 billion. Secondly, Zambezi acquired 47 710 331 issued Northam Shares (representing 9.4% of the issued share capital of Northam) from the PIC, also at an acquisition price of R41 per share, amounting to a consideration of approximately R2.0 billion.

The investment in Northam Shares was used to settle the Zambezi Preference Share liability. The performance of these Northam Shares was therefore evaluated on a fair value basis using the market price to determine the fair value, at each reporting date, and a mark to market fair value adjustment was accounted for through profit or loss in the company accounts.

As at 30 June 2021, in terms of the Memorandum of Incorporation (MOI) of Zambezi, subject to the Zambezi MOI Amendments, the Zambezi Preference Shareholders were entitled to receive dividends equal to the issue price, multiplied by the rate of the South African prime interest rate, plus 3.5% calculated on a daily basis, based on a 365-day year compounded annually and capitalised at the end of December of every year over the 10-year Lock-in period, which ends in May 2025.

As at 30 June 2021 and subject to the Zambezi MOI Amendments, the Zambezi Preference Shares would be compulsorily redeemable on the day immediately preceding the 10th anniversary of the issue date. The Zambezi Preference Shares may only be redeemed before this date in accordance with the Zambezi MOI. The redemption price will be equal to the Zambezi Preference Shares' issue price. In terms of the Zambezi MOI and subject to the Zambezi MOI amendments, the Zambezi Preference Shares will accumulate dividends for the 10-year Lock-in period if not paid by Zambezi. On the redemption date, Zambezi is required to settle any outstanding dividends accumulated and redeem all Zambezi Preference Shares at the redemption price. Zambezi does not have any discretion to avoid the payment of dividends or the payment of the redemption price, and is therefore obliged to settle this amount by delivering cash, or Northam Shares or a combination of the two. The Zambezi Preference Shares as well as any accumulated and unpaid dividends meet the definition of a financial liability, and are accounted for as such in the statement of financial position.

The Zambezi structure was set up for the 10-year Lock-in period and any change in the Northam Share price and the South African prime interest rate may have a substantial impact on the results of Zambezi. The results published should therefore be seen as a snapshot in time and should be considered as such.

Full details of the financial results of the group and company are set out in the annual financial statements.

DIVIDENDS

Dividends on the Zambezi Preference Shares equal the issue price multiplied by the rate of the South African prime interest rate plus 3.5% calculated on a daily basis, based on a 365-day year, compounded annually and capitalised at the end of December of every year over the 10-year Lock-in period, which ends in May 2025.

Dividends are calculated for the calculation period. A calculation period means each period which commences on the day after a calculation date, being 31 December of each year, and which ends on the next calculation date, provided that the first calculation period in respect of each Zambezi Preference Share shall commence on the issue date, being 18 May 2015, and end on the first calculation date that occurs immediately thereafter. The last calculation period in respect of each Zambezi Preference Share shall end on the actual redemption date of the Zambezi Preference Share, or in other specific circumstances as noted in the Zambezi MOI.

Dividends accumulate if no dividends have been received from Northam.

The dividends will not be deductible for tax purposes, in the accounts of Zambezi. These dividends will be taxed by way of a withholding tax once paid to the Zambezi Preference Shareholders.

Refer to details with regards to subsequent events detailing dividends paid to Northam as the sole Zambezi Preference Shareholder.

LOCK-IN FEE

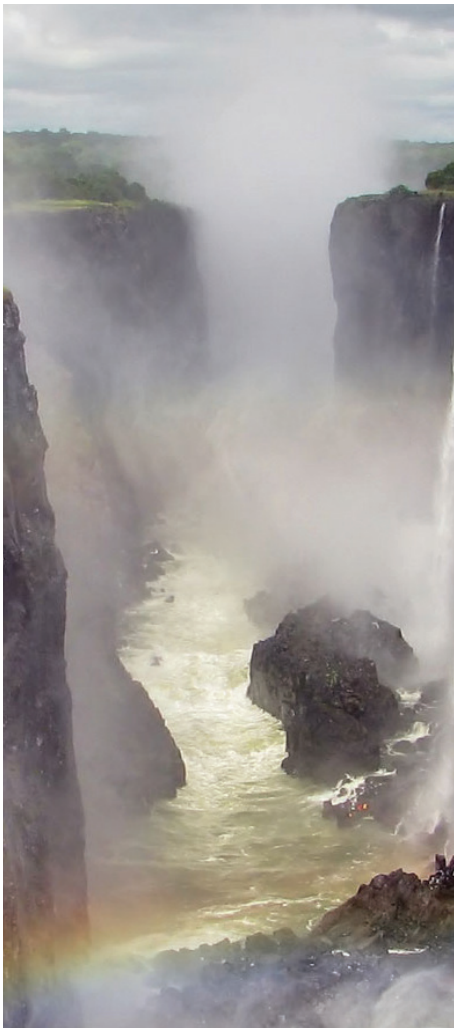
In terms of the Northam BEE Transaction, Zambezi undertook not to dispose of or encumber the BEE Shares for the duration of the 10-year Lock-in period, other than in accordance with the Zambezi Pref Share Terms and the Zambezi pledge and cession agreement. In terms of the relationship agreements, the Ordinary Shareholders referred to as the HDSA participants, in turn, undertook not to dispose of or encumber their Zambezi Ordinary Shares for the duration of the Lock-in period. Furthermore, Zambezi has, pursuant to the subscription agreement, and the HDSA participants have, pursuant to their respective relationship agreements, undertaken in favour of Northam not to be engaged, directly or indirectly, or in any way to be interested, in any PGM (Platinum Group Metal) exploration, PGM prospecting or PGM mining activities or in any competitor of the Northam Group for the duration of the Lock-in period, save to the extent specifically permitted under such relationship agreements.

As consideration for entering into the Lock-in arrangement, and in recognition of the benefit that Northam and the Northam Shareholders will derive from the lock-in arrangement, a Lock-in Fee was made to Zambezi, being a once-off gross amount of R400.0 million at inception of the arrangement.

Zambezi distributed the Lock-in Fee, net of taxes, to its Ordinary Shareholders, as a dividend. The HDSA participants have, in turn, utilised their portion of the Lock-in Fee as follows:

- each of the Strategic Partners and the Women's Consortium have distributed their portion of the Lock-in Fee to their Shareholders;
- the ESOP has become operational. The ESOP's portion of the Lock-in Fee will be invested in permanent capital goods, infrastructure, education or healthcare projects for the benefit of its beneficiaries, as approved by Northam. Employees have now been given the opportunity to apply for bursaries for their dependents. Bursaries were awarded to successful candidates for the 2021 academic year, for studies at South African academic institutions; and
- the Northam Zondereinde Community Trust and the Northam Booysendal Community Trust (the Community Trusts) are investing their portion of the Lock-in Fee in community development activities for the benefit of their beneficiary communities as approved by Northam.

As part of the maturity and wind-up of the Northam BEE Transaction – the Strategic Partners, the Women's Consortium and Northam have entered into agreements with regards to the pro rata claw back of the Lock-in Fee in certain circumstances.



FINANCIAL RESULTS

The annual financial statements have been prepared under the supervision of the chief financial officer of Northam, AH Coetzee CA(SA), in accordance with the dispensation granted by the JSE in respect of compliance with paragraph 7.3(d)(i) of the Listings Requirements.

The annual financial statements have been audited by the group's auditors, Ernst & Young Inc., under the supervision of E Dhorat CA(SA), a registered auditor. A copy of the unmodified audit report is available for inspection at the company's registered address.

The statements of financial position, statements of profit or loss and other comprehensive income, statements of cash flows and statements of changes in equity and the accompanying notes reflect the company's results for the year ended 30 June 2021 and the financial position at that date.

The financial results are also available on the company's website at www.northam.co.za/zambezi/.

STATED CAPITAL

There have been no changes in the stated capital or ownership thereof during the year under review.

As at 30 June 2021, the authorised stated capital remained as 11 000 Ordinary Shares at no par value and 1 N Share. The issued stated capital remains at 10 000 Ordinary Shares at an issue price of R0.01 per Ordinary Share and 1 N Share at an issue price of R0.01 per share.

Subsequent to year-end, as part of the early maturity and wind up of the Northam BEE Transaction, certain amendments have been made, including to the terms of the N Share. These amendments increased the number of authorised N Shares to 1,000,000 N Shares and provide the Zambezi N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date.

With the Zambezi N Share Term Amendments, Northam has, in its capacity as the Zambezi N Shareholder, assumed voting and economic control of Zambezi and Zambezi has become a Subsidiary of Northam.

These amendments were made to facilitate the early maturity and wind-up of the Northam BEE Transaction.

CHANGES TO THE BOARD OF DIRECTORS (BOARD)

In compliance with paragraph 6.39 of the Listings Requirements, the following changes to the board occurred during the year under review:

- appointment of Mr ZP Ntshalintshali, Mr CM Ntuta and Ms KH Sekhokho as independent non-executive directors with effect from 26 February 2021; and
- resignation of all the Zambezi Platinum (RF) Limited directors, save for Mr PA Dunne, Ms AH Coetzee and Mr LC van Schalkwyk, with effect from the Net Value Distribution Date, being 6 September 2021.

BOARD MEMBERS REPRESENTING ZAMBEZI ORDINARY SHAREHOLDERS AS AT 30 JUNE 2021

Name of director	Representation	2021 % held in the Ordinary Share Capital of the company	2020 % held in the Ordinary Share Capital of the company
Mr KB Mosehla	Malundi Resources (RF) Proprietary Limited	**12.80**	12.80
Mr PA Dunne	Northam Platinum Limited (1 N share)	**1 N Share provides a protective right to Northam**	1 N Share provides a protective right to Northam
Ms AH Coetzee	The Northam Employees' Trust	**9.60**	9.60
Ms N Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited	**19.10**	19.10
Advocate ME Motseki-Zim	Atisa Platinum (RF) Proprietary Limited*	**12.80**	12.80
Mr GS Mseleku	Mpilo Platinum (RF) Proprietary Limited*	**29.80**	29.80
Mr BB Nene	The Northam Zondereinde Community Trust	**7.95**	7.95
Mr LC van Schalkwyk	The Northam Booysendal Community Trust	**7.95**	7.95
		100.00	100.00

** The Zim Group Proprietary Limited has an indirect interest in both Atisa Platinum (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited.*

APPOINTMENT OF A DEBT OFFICER

During the year under review, Zambezi appointed Ms AH Coetzee, a director of the company and chief financial officer and debt officer of Northam, as the company's debt officer, in accordance with the dispensation granted by the JSE in respect of compliance with paragraph 7.3(g) of the Listings Requirements.

CORPORATE GOVERNANCE

The board is committed to the principles of fairness, accountability, responsibility and transparency, as advocated in the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), as well as other applicable legislation.

Northam is the appointed company secretaries, technical and administrative advisors of Zambezi (the secretaries), attending to the day-to-day management and business affairs of the company. The majority of the King IV™ recommendations are not applicable to Zambezi due to, *inter alia*, the company:

- having no employees, as its business affairs are managed and administered by the secretaries;
- having no subsidiary companies;
- having no operational mines;
- having restricted trading activities;
- being ring-fenced in terms of the Companies Act; and
- being a special purpose vehicle for the Northam BEE Transaction.

As a result of the above and in accordance with the dispensation granted by the JSE in respect of compliance with paragraph 5.7(b) of the Listings Requirements, Zambezi applies and implements the applicable principles of King IV™ to the extent that Northam does.

The board is therefore satisfied that, where applicable, there is adequate compliance with King IV™.

The corporate governance principles, adopted by Northam, are available on the Northam website: www.northam.co.za.

BOARD CHARTER AND BOARD COMMITTEE TERMS OF REFERENCE

The board charter articulates the objectives and responsibilities of the board. Each of the board committees operates in accordance with written terms of reference. The board charter, the audit committee's terms of reference and the social and ethics committee's terms of reference are available on the Zambezi website at www.northam.co.za/zambezi/.

SHAREHOLDERS

Below is a list of the Zambezi Ordinary Shareholders as at 30 June 2021, which is unchanged from the prior year:

Name of Zambezi Ordinary Shareholder	Number of Zambezi Platinum (RF) Limited Ordinary Shares	% of Zambezi Platinum (RF) Limited	% of Northam Platinum Limited
Atisa Platinum (RF) Proprietary Limited*	1 280	12.80	4.0
Malundi Resources (RF) Proprietary Limited*	1 280	12.80	4.0
Mpilo Platinum (RF) Proprietary Limited*	2 980	29.80	9.4
Zambezi Platinum Women's SPV (RF) Proprietary Limited**	1 910	19.10	6.0
The Northam Employees' Trust	960	9.60	3.0
The Northam Booysendal Community Trust	795	7.95	2.5
The Northam Zondereinde Community Trust	795	7.95	2.5
	10 000	100.00	31.4

* *Shareholders defined as the Strategic Partners*
** *Shareholder defined as the Women's Consortium*
All shareholders are HDSA participants

Zambezi issued the N Share to Northam, the purpose of which was to allow Northam to take certain mitigating actions in the event of the occurrence of an early redemption event under the Zambezi Pref Share Terms and/or the unwinding of the Northam BEE Transaction prior to the expiry of the Lock-in period.

As at 30 June, where applicable, the N Share ranked ahead of the Distribution rights of the holders of the Zambezi Ordinary Shares and was equal to the amount of the Lock-in Fee plus interest accrued thereon from the date on which the Lock-in Fee was made until the date of payment of the N Share Distribution, at the dividend rate compounded annually.

Other than as required in terms of the Companies Act, the N Share did not entitle Northam to any voting rights.

Name of N Shareholder	Number of N share	%
Northam Platinum Limited	1	100.0

On the Net Value Distribution Date, as part of the accelerated maturity and wind-up of the Northam BEE Transaction, the Zambezi N Share Term Amendments became effective and Northam, in its capacity as the Zambezi N Shareholder, became entitled to: exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders; and subject to the settlement of the Net Value Distribution and the Zambezi Retention Release Amount, receive 100% of the Distributions made by Zambezi, thereby providing Northam with economic and voting control of Zambezi, pursuant to which Zambezi became a Subsidiary of Northam.

As at 30 June 2021, the following directors (together with their associates) had a beneficial interest in the company in accordance with the table below, which was unchanged from the prior year:

Name of director	Consortia in which the director has an interest	2021 Effective interest in Zambezi Ordinary Shares (%)	2020 Effective interest in Zambezi Ordinary Shares (%)
KB Mosehla	Malundi Resources (RF) Proprietary Limited	**3.2**	3.2
N Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited	**6.6**	6.6
ME Motseki-Zim	Atisa Platinum (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited	**11.0**	11.0
GS Mseleku	Mpilo Platinum (RF) Proprietary Limited	**9.8**	9.8
		30.6	30.6

With the accelerated maturity and wind-up of the Northam BEE Transaction, the net unencumbered value after settlement of the Zambezi Preference Share liability and taxes has been distributed to the Zambezi Ordinary Shareholders, following which none of the above directors hold any residual effective interest in Zambezi.

DISCLOSURE OF INTERESTS AND DIRECTORS' DEALINGS IN SHARES

Disclosure of personal financial interests is a standing board and committee meeting agenda item. In terms of directors' dealings in shares, all board members are required to obtain prior approval from the chairperson, or in his absence, Northam as secretaries, for dealings in Zambezi Preference Shares and/or Northam Shares, either directly or indirectly. Such approval will not be unreasonably withheld but will not be granted during any embargo or closed period in terms of the Listings Requirements.

The following directors held Zambezi Preference Shares, which were acquired on the open market:

Name of director	2021 Number of Shares	2020 Number of Shares
AH Coetzee	**15 800**	15 800
LC van Schalkwyk	**236 277**	236 277

Both these directors had provided their support and undertaking for the acquisition by Northam of all the Zambezi Preference Shares in issue not already held by Northam at year-end as announced on SENS on 11 June 2021.

Subsequent to year-end, these Zambezi Preference Shares were acquired by Northam as part of the Zambezi Scheme.

EMBARGO ON DEALINGS IN ZAMBEZI PREFERENCE SHARES

Northam previously stated that it intends to direct surplus free cash flow to Northam Shareholders by way of the purchase of Zambezi Preference Shares. Northam has acquired substantial volumes of Zambezi Preference Shares in the open market.

Therefore, in order to avoid a potential conflict of interest, such as a Northam employee also bidding for the same Zambezi Preference Shares which Northam is seeking to acquire, inadvertently selling shares to Northam or affecting the market value at which these instruments trade and/or reputational and other potential legal risks arising, a general embargo was placed on all transactions in Zambezi Preference Shares by all Northam employees on 2 November 2020.

Any and all dealings/trading in Zambezi Preference Shares by Northam employees and/or members of its board of directors was therefore prohibited.

This was done in order to avoid any potential conflicts of interest in the group, as part of its stated strategy to acquire Zambezi Preference Shares in the open market.

The embargo was lifted once full details of the Transaction were released on SENS on 23 March 2021.

EVENTS AFTER THE REPORTING DATE – ZAMBEZI SCHEME (INCLUDING THE ZAMBEZI DELISTING AND ZAMBEZI MOI AMENDMENTS) AND ZAMBEZI DISPOSALS [3]

The Zambezi Scheme and Zambezi Delisting

Northam made an offer to the Zambezi Preference Shareholders to acquire the remaining 19 932 957 Zambezi Preference Shares in issue not already held by Northam, for a cash consideration per Zambezi Preference Share, amounting to the initial subscription price of R41.00 together with the Accumulated Dividends on the date on which the acquisition is implemented (collectively referred to as the Face Value), plus a 15.99% premium to the Face Value.

The above mentioned offer was implemented by way of a scheme of arrangement in terms of section 114(1) read with section 115 of the Companies Act.

Following implementation of the Zambezi Scheme, Northam became the sole Zambezi Preference Shareholder.

Simultaneously with the Zambezi Scheme as disclosed above, the Zambezi Preference Shares were delisted from the JSE in terms of paragraph 1.17 of the Listings Requirements.

[3] *All values and number of shares disclosed are based on the base case pro forma financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.*

Zambezi Pref Share Term Amendments

Various amendments to the Zambezi MOI have been made to enable the implementation of certain components of the Transaction, including the Zambezi MOI Amendments, the Zambezi N Share Term Amendments and the Zambezi Pref Share Term Amendments. These amendments included the following:

- Increase the Accumulated Dividends in respect of each Zambezi Preference Share by an amount equal to 11.11% recurring of the Face Value per Zambezi Preference Share (referred to as the Premium Amount) on the Zambezi Scheme Implementation Date.
- Provide for the settlement, by Zambezi, of all Accumulated Dividends as at the Zambezi Scheme Implementation Date together with the Premium Amount, through a repurchase by Northam of so many Northam Shares held by Zambezi, valued at R160 per Northam Share, as may be equal in value to the aggregate amount of the Accumulated Dividends together with the premium.
- The voluntary redemption of Zambezi Preference Shares by Zambezi from time to time after the Net Value Distribution Date at Zambezi's election, provided that Zambezi shall be obliged to redeem all the Zambezi Preference Shares by no later than 17 May 2025 (being the original settlement date).

Revised Accumulated Dividends Settlement

Following implementation of the Zambezi Scheme as set out above, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam of 54 016 716 Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

Repurchase of Northam Shares from Zambezi

Northam acquired the Repurchase Shares from Zambezi at the Repurchase Consideration.

The Repurchase Consideration was utilised as follows:

- a portion of the Repurchase Consideration in an amount equal to the Net Repurchase Amount was utilised by Zambezi to make the Net Value Cash Distribution; and
- the balance of the Repurchase Consideration (being the Zambezi Retention Amount) will be utilised to settle the Zambezi Taxes.

Net Value Distribution to Zambezi Ordinary Shareholders

Following implementation of the steps listed above, on the Net Value Distribution Date, Zambezi made the Net Value Distribution to the Zambezi Ordinary Shareholders of:

- the Net Repurchase Amount, by way of the Net Value Cash Distribution; and
- the Residual Northam Shares held by it, by way of the Net Value Share Distribution,

pro rata in accordance with each Zambezi Ordinary Shareholder's proportionate Zambezi Shareholding.

Users of the Zambezi annual financial statements are referred to the Transaction Documents for additional information relating to the Transaction, as well as the underlying assumptions and judgements applied in calculating the number of shares, as well as the values disclosed, in order to obtain full information of the nature and impact of the Transaction.

Apart from the Transaction and the various steps as disclosed above, there have been no other acts or circumstances of a material nature that have occurred between the reporting date and the date of this report, that require adjustment to the financial results or further disclosure.

BOARD OF DIRECTORS

As at 30 June 2021 the board of directors consisted of the following persons:

KB Mosehla (49)
CA (SA)
Non-executive chairman

Joined the board in May 2015 and resigned on 6 September 2021
Mr Mosehla was the non-executive chairman of Northam. He is also a director of Malundi Resources (RF) Proprietary Limited and MC Mining Limited. Mr Mosehla has a 10% indirect interest in SMS Mining Holdings Proprietary Limited (SMS), a contractor to Northam.

PA Dunne (58) (British)
BSc (Hons); MBA
Non-executive director

Joined the board in October 2014
Mr Dunne is the chief executive officer of Northam. Prior to joining Northam he was employed by Impala Platinum Holdings Limited (Implats) as an executive director responsible for all mining, concentrating and smelting operations at Implats' Rustenburg and Marula mines.

He is also a director of the International Platinum Group Metals Association (IPA) and the Vice President of the South African Minerals Council.

AH Coetzee (42)
CA (SA)
Non-executive director

Joined the board in November 2018
Ms Coetzee is the chief financial officer of Northam. She has more than 10 years' experience in and exposure to the mining and manufacturing industries, which includes the auditing of large listed and multinational companies for EY, where she was an associate director.

N Mazwai (62)
BA (Hons) Journalism
Non-executive director

Joined the board in May 2015 and resigned on 6 September 2021
Ms Mazwai is the founder and festival director of the BuyelEkhaya Pan African Cultural Festival. She has more than 20 years' experience in senior management, consultancy and programme management roles.

ME Motseki-Zim (58)
B Proc; LLB; diplomas in general nursing and midwifery
Non-executive director

Joined the board in November 2017 and resigned on 6 September 2021.
Advocate Motseki-Zim is a director of Atisa Group Proprietary Limited, Zanozi Properties and Commodities Proprietary Limited (formerly known as Zim Holdings Proprietary Limited) and is the founder and chairperson of Women Be Adorned, a women's development non-profit organisation.

GS Mseleku (55)

BA (Hons); LLB; LLM (Tax Law); H Dip Co Law; Attorney of the High Court of South Africa

Non-executive director

Joined the board in May 2015 and resigned on 6 September 2021

Mr Mseleku is the executive chairman of Sakhumnotho Group Holdings, and of the Oakhurst Insurance Company. He serves on the board of Sulzer Pumps SA Proprietary Limited, among other companies. He was the founder and immediate past president of the Pan African Chamber of Commerce and Industry. Mr Mseleku is a director of SMS Mining Holdings Proprietary Limited and also has a 10% indirect interest in the company.

BB Nene (48)

CA (SA)

Non-executive director

Joined the board in May 2018 and resigned on 6 September 2021

Mr Nene has extensive experience in investment banking, advising on a number of significant merger and acquisition activities in the mining industry. After a tenure at BoE Merchant Bank, he moved to Shanduka Resources Proprietary Limited where he was part of the mining and marketing team. He was instrumental in turning around and growing Shanduka's coal mining investments and was actively involved in the management of the underlying investments.

LC van Schalkwyk (56)

Chartered management accountant (FCMA)

Non-executive director

Joined the board in October 2014

Mr Van Schalkwyk is Northam's executive commercial. He previously held the position of company executive strategic finance at Implats, having risen through the ranks at Implats.

ZP Ntshalintshali (47)

BCom Honours; EDP

Independent non-executive director

Joined the board in February 2021 and resigned on 6 September 2021

Mr Ntshalintshali is a director and portfolio manager at Perpetua Investment Managers, where he was appointed in 2014. Mr Ntshalintshali was previously an award-winning investment professional, holding positions as an analyst and portfolio manager at Old Mutual Asset Managers before jointly managing Core Equity Investments within the OMIGSA group. Mr Ntshalintshali has also been instrumental in a number of BEE corporate finance transactions.

CM Ntuta (52)

BA, LLB, LLM (Tax)

Independent non-executive director

Joined the board in February 2021 and resigned on 6 September 2021

Mr Ntuta is a co-founder and director of Ntuta, Singh and de Jager Inc (NSD Inc). He is an admitted attorney of the High Court of South Africa, with more than 19 years of experience in mergers and acquisitions, corporate and commercial law. He is a former director and partner of Edward Nathan and ENSafrica, where he served for a period of more than ten years. Prior to establishing NSD Inc. he was a director of Poswa Inc. He has advised on a number of BEE transactions across various sectors.

KH Sekhokho (51)

MBA; BA Ed (Hons)

Independent non-executive director

Joined the board in February 2021 and resigned on 6 September 2021

Ms Sekhokho is a director of the women's empowerment group Women Be Adorned and the Desire of All Nations Fellowship Centre, a ministry which prepares unemployed youths for job readiness and runs community development programmes. Ms Sekhokho was previously involved in business consultancy and organisational development projects in a number of government departments, notably in school feeding and anti-corruption programmes. Ms Sekhokho is a seasoned transformation specialist and has played an extensive role in advisory services on diversity management and leadership for both government and the private sector.

CA Smith (46)

BSocSc (Hons)

Committee Member

Mr Smith is not a director of the company but a member of the social and ethics committee and is the executive: human resources for Northam. He has extensive experience in the mining sector and has held senior human resources positions at AngloGold Ashanti Limited, Richards Bay Coal Terminal Proprietary Limited and Implats.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements. It is their responsibility to ensure that the annual financial statements fairly represent the state of affairs of the company as at the reporting period and the results of its operations and cash flows for the period then ended are prepared in conformity with IFRS.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the systems of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards of internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and the directors are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by Northam, as administrators and secretaries of the company, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable,

and not absolute, assurance against material misstatement or loss.

As at 30 June 2021, Northam has guaranteed that they will enable the company to settle any Zambezi Preference Shares, dividends and repurchases as required by the Northam BEE Transaction, as well as any other expenses incurred by the company.

The Northam Holdings audit and risk committee has confirmed to the directors of the company that (i) the Northam Holdings audit and risk committee functions in terms of the Companies Act and the Listings Requirements, (ii) the Northam Holdings audit and risk committee has performed its duties without any exceptions noted in relation to the annual financial statements and (iii) the Northam Holdings audit and risk committee is satisfied that the external auditors are independent of the company.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been audited by the company's external auditors and an unmodified audit report has been issued.

The annual financial statements for the year ended 30 June 2021 have been approved by the board.

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PA Dunne
Director
23 September 2021

_____

AH Coetzee
Director

COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as company secretary of Northam Holdings, the secretaries of the company, hereby certify in terms of section 88(2) of the Companies Act, that all returns and notices required of a public company in terms of the Companies Act have, in respect of the year under review, been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

Northam Platinum Holdings Limited
Secretaries
per PB Beale

23 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZAMBEZI PLATINUM (RF) LIMITED

TO THE SHAREHOLDERS OF ZAMBEZI PLATINUM (RF) LIMITED

Report on the Audit of the Group and Separate Financial Statements

Opinion

We have audited the group and separate financial statements of *Zambezi Platinum (RF) Limited* and its subsidiaries ('the group') and Company set out on pages 26 to 71, which comprise the group and separate statements of financial position as at 30 June 2021, and the group and separate statements of profit or loss and other comprehensive income, the group and separate statements of changes in equity and the group and separate statements of cash flows for the year then ended, and notes to the group and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying group and separate financial statements present fairly, in all material respects, (or give a true and fair view of) the group and separate financial position of the group and company as at 30 June 2021 , and of its group and separate financial performance and group and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

Other information consists of the information included in the Annual Report, other than the group and separate financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the group and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Group and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the group and separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of group and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the group and company's financial reporting process.

Auditor's Responsibilities for the Audit of the Group and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the group and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the group and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the group and separate financial statements, including the disclosures, and whether the group and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and company to express an opinion on the group and separate financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the group and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc., has been the auditor of Zambezi Platinum (RF) Limited for 7 years.



Building a better working world

Ernst & Young Inc.
Director: Ebrahim Dhorat
Registered Auditor

23 September 2021

102 Rivonia, Sandton,
Johannesburg, South Africa

A member firm of Ernst & Young Global Limited.

A full list of Directors is available at *http://www.ey.com/za/en/home/contact-us_sa-directors*

Chief Executive: Ajen Sita

Zambezi
Platinum (RF) Limited

2021 ANNUAL FINANCIAL STATEMENTS

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The annual financial statements set out on pages 26 to 71 have been prepared under the supervision of the chief financial officer of Northam Platinum Holdings Limited, AH Coetzee CA(SA).

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notes	R000	R000	R000	R000
ASSETS					
Non-current assets		11 713 338	8 321 812	34 688 290	18 581 014
Investment in associate	2	11 713 338	8 321 812	34 688 290	18 581 014
Current assets		510	502	510	502
Trade and other receivables	3	1	1	1	1
Cash and cash equivalents	4	509	501	509	501
Total assets		**11 713 848**	**8 322 314**	**34 688 800**	**18 581 516**
EQUITY					
Total equity		(3 352 314)	(4 665 418)	14 476 249	3 295 723
Stated capital	5	–	–	–	–
(Accumulated loss)/retained earnings		(3 357 761)	(4 676 497)	14 476 249	3 295 723
Share of other comprehensive income from associate	2	5 447	11 079	–	–
Non-current liabilities		15 066 162	12 987 732	20 212 551	15 285 793
Deferred tax	6	1 155 216	395 514	6 301 605	2 693 575
Preference Share liability	7	13 910 946	12 592 218	13 910 946	12 592 218
Current liabilities		–	–	–	–
South African Revenue Service		–	–	–	–
Total equity and liabilities		**11 713 848**	**8 322 314**	**34 688 800**	**18 581 516**

The group financial results represent the results of Zambezi Platinum (RF) Limited. The investment held in Northam Platinum Limited is recognised as an associate which is equity accounted for in the group financial results and valued at fair value in the separate financial results of Zambezi Platinum (RF) Limited company. The fair value is represented by the market value at the reporting date.

These are not consolidated financial results as defined by IFRS 10. They are however referred to as group results to indicate that they are not the separate financial results of Zambezi Platinum (RF) Limited.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notes	R000	R000	R000	R000
Share of earnings from associate	2	3 397 158	1 076 840	–	–
Mark to market fair value adjustment		–	–	16 107 276	9 146 592
Preference Share dividends	7	(1 318 728)	(1 432 850)	(1 318 728)	(1 432 850)
Interest received	8	16	29	16	29
Bank charges		(5)	(1)	(5)	(1)
Profit/(loss) before tax		2 078 441	(355 982)	14 788 559	7 713 770
Tax	9	(759 705)	(242 930)	(3 608 033)	(2 048 844)
Profit/(loss) for the year		1 318 736	(598 912)	11 180 526	5 664 926
Other comprehensive income items that may be subsequently reclassified to profit or loss		(5 632)	7 632	–	–
Share of associate's exchange differences on translating foreign operations and foreign currency translation	2	(5 632)	7 632	–	–
Profit/(loss) and total comprehensive income for the year		**1 313 104**	**(591 280)**	**11 180 526**	**5 664 926**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Group			
	Stated capital	Accumulated loss	Share of other comprehensive income from associate	Total
	R000	R000	R000	R000
Balance as at 1 July 2019	*	(4 077 585)	3 447	(4 074 138)
Total comprehensive income for the year	–	(598 912)	7 632	(591 280)
Loss for the year	–	(598 912)	–	(598 912)
Other comprehensive income for the year	–	–	7 632	7 632
Balance as at 30 June 2020	*	(4 676 497)	11 079	(4 665 418)
Total comprehensive income for the year	–	1 318 736	(5 632)	1 313 104
Profit for the year	–	1 318 736	–	1 318 736
Other comprehensive income for the year	–	–	(5 632)	(5 632)
Balance as at 30 June 2021	*	**(3 357 761)**	**5 447**	**(3 352 314)**

**The stated capital amounts to R100.01, therefore less than R1 000, refer to note 5 for further details.*

	Company		
	Stated capital	(Accumulated loss)/retained earnings	Total
	R000	R000	R000
Balance as at 1 July 2019	*	(2 369 203)	(2 369 203)
Profit and total comprehensive income for the year	–	5 664 926	5 664 926
Balance as at 30 June 2020	*	3 295 723	3 295 723
Profit and total comprehensive income for the year	–	11 180 526	11 180 526
Balance as at 30 June 2021	*	**14 476 249**	**14 476 249**

**The stated capital amounts to R100.01, therefore less than R1 000, refer to note 5 for further details.*

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notes	R000	R000	R000	R000
Cash flows from operating activities		8	15	8	15
Cash utilised in operations	10	(5)	(1)	(5)	(1)
Change in working capital	11	–	5	–	5
Interest received	8	16	29	16	29
Tax paid	12	(3)	(18)	(3)	(18)
Movement in cash and cash equivalents*		8	15	8	15
Cash and cash equivalents at the beginning of year		501	486	501	486
Cash and cash equivalents at the end of the year	**4**	**509**	**501**	**509**	**501**

**No cash flow movements relating to investing and financing activities were recorded for the current or previous year.*

The group and separate financial statements of Zambezi Platinum (RF) Limited (Zambezi or the company or the group) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 23 September 2021. Zambezi is a limited company incorporated and domiciled in South Africa and whose Zambezi Preference Shares were publicly traded.

The group and separate financial statements of Zambezi are presented in South African Rand, which is the company's functional currency and all values are rounded to the nearest thousand (R000), except when otherwise indicated.

1. Accounting policies: Basis of preparation and statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the Financial Reporting Pronouncements. The financial statements are prepared under the historical cost convention, except for the investment in associate which is carried at fair value through profit or loss in the separate company financial statements and incorporate the following principal accounting policies.

The accounting policies adopted are in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee, as adopted by the South African Institute of Chartered Accountants (SAICA) and the Financial Reporting Standards Council and are consistent with those applied for the previous financial year, unless specifically indicated.

The preparation of the financial statements in conformity with IFRS requires that management and the board exercise their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates.

The group financial statements represent the results of Zambezi Platinum (RF) Limited. The investment held in Northam Platinum Limited is recognised as an associate which is equity accounted for in the group financial statements, and valued at fair value through profit or loss in the separate financial statements of Zambezi Platinum (RF) Limited. The fair value is represented by the market value at the reporting date.

These are not consolidated financial statements as anticipated by IFRS 10, however they are referred to as group results to indicate that they are not the separate financial statements of Zambezi Platinum (RF) Limited.

1.1 New accounting policies adopted

The following amendments, standards or interpretations were adopted with effect from 1 July 2020:

The adoption of all standards, amendments or interpretations had no impact on the annual financial statements.

Conceptual Framework for Financial Reporting

The International Accounting Standards Board (IASB) has revised its Conceptual Framework for Financial Reporting. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it will use when setting standards.

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions.
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality.
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity.
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events.
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events.
- Removing the probability threshold for recognition, and adding guidance on derecognition.
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis.
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

The revised Conceptual Framework is effective for periods beginning on or after 1 January 2020.

This revision did not have a material impact on Zambezi.

Definition of Material – Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The definition of material in the Conceptual Framework for Financial Reporting and IFRS Practice Statement 2: Making Materiality Judgements was amended to align with the revised definition of material in IAS 1 and IAS 8.

The amendments must be applied prospectively. The amendments are effective for annual periods beginning on or after 1 January 2020.

Although the amendments to the definition of material did not have a significant impact on Zambezi, the introduction of the term obscuring information in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

1.2 Standards, interpretations and amendments issued, but not yet effective

Due to Zambezi Platinum (RF) Limited's ring-fenced nature, only the following standards, amendments and interpretations which were in issue but not yet effective are relevant:

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

On 23 January 2020, the IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements.

The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify a criterion for classifying a liability as non-current.

The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023.

Zambezi does not intend to early adopt the above amendment.

There are no other standards which are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Associate

Associates are all entities over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in associate is initially recognised at cost.

Subsequently, the carrying amount is adjusted by Zambezi's share of the post-acquisition profit or loss, and certain inter-entity transactions together with a reduction for any dividends received or receivable from the associate.

The statements of profit or loss and other comprehensive income reflects the entity's share of the results of operations of the associate. Any change in 'Other Comprehensive Income' of those investees is presented as part of the group's 'Other Comprehensive Income'. In addition, when there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the group, using consistent accounting policies.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The investment in associate is accounted for at fair value through profit or loss in the separate company financial statements.

1.4 Financial instruments

Financial instruments recognised on the statements of financial position include cash and cash equivalents, trade and other receivables, Zambezi Preference Shares and the investment in associate (which is classified as at fair value through profit or loss in the separate financial statements). These are recognised when the entity becomes party to the contractual agreements. All financial instruments are initially recorded at fair value adjusted for directly attributable transaction costs.

Investment in associate

The investment in associate represents the company's shareholding in Northam Platinum Limited, a listed entity on the JSE and is classified as at fair value through profit or loss in the separate financial statements.

All movements in the value of this investment are determined to be fair value gains and losses due to changes in the quoted market price of the shares.

After initial recognition, this financial instrument is subsequently measured at fair value with all gains or losses recognised directly in profit or loss in line with the requirements of IFRS 9.

Trade and other receivables and cash and cash equivalents

Trade and other receivables and cash and cash equivalents are classified as financial assets measured at amortised costs.

The group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment using the expected credit loss method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Preference Shares

The redeemable Preference Shares are classified as financial liabilities, because they bear compulsory dividends and are redeemable in cash and/or a variable number of Northam Shares at the end of the 10-year Lock-in period.

After initial recognition, Preference Shares are subsequently measured at amortised cost using the effective interest method.

Accrued dividends on Preference Shares are recognised as Preference Share dividends in the statement of profit or loss.

The Preference Share dividend rate is calculated with reference to the South African prime interest rate and is not dependent on the financial performance of either Northam Platinum Limited or Zambezi Platinum (RF) Limited.

Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.5 Taxation

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount of the tax asset or liability are those that are enacted or substantively enacted at the reporting date.

The charge for current tax is based on the results for the year, as adjusted for by items that are exempt or disallowed, and is calculated using the enacted tax rates, at the reporting date.

Where items are credited or charged directly to equity or other comprehensive income, the tax effect is also recognised within equity or other comprehensive income as appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the exemption associated with the investments in subsidiaries and associates and interest in joint arrangements apply.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. In the case of the group this equates to the capital gains tax rate on 'outside' basis difference.

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

Uncertain tax positions

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1.6 Revenue and other income

Interest income

Interest income is recognised as interest accrues.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate method.

Interest income is included in interest received in the statements of profit or loss and other comprehensive income.

Dividends

Dividend income is recognised when the company's right to receive the payment is established, which is generally when directors approve the dividend.

1.7 Dividends

Dividends declared are charged to equity in the period in which the dividend is declared.

2. Investment in associate

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Opening balance	8 321 812	7 237 340	18 581 014	9 434 422
Share of earnings from associate	3 397 158	1 076 840	–	–
Mark to market fair value adjustment	–	–	16 107 276	9 146 592
Share of other comprehensive income from associate	(5 632)	7 632	–	–
	11 713 338	8 321 812	34 688 290	18 581 014

The investment in associate represents Zambezi Platinum (RF) Limited's 31.4% investment in Northam Platinum Limited, a company listed on the exchange operated by the JSE. The initial fair value of the investment was determined with reference to the share price at acquisition date, being 18 May 2015. The sale or trade of the Northam Platinum Limited shares is restricted for the Lock-in period of 10 years, as a Lock-in Fee was paid and distributed to Zambezi Ordinary Shareholders. Zambezi Platinum (RF) Limited is therefore not allowed to trade their Northam Platinum Limited shares during this period.

The 31.4% investment in Northam Platinum Limited was a strategic investment to protect the black economic empowerment (BEE) credentials of Northam Platinum Limited for a period of 10 years.

The share of earnings from associate and share of other comprehensive income from associate represents Zambezi Platinum (RF) Limited's 31.4% share in the profits and other comprehensive income of Northam Platinum Limited for the year.

On a company basis, the mark to market fair value adjustment represents the movement in the share price between reporting periods.

	Company	
	30 June 2021	30 June 2020
	R000	R000
Opening balance	18 581 014	9 434 422
Mark to market fair value adjustment	16 107 276	9 146 592
	34 688 290	18 581 014

Below is the closing share price of Northam Platinum Limited at the year end, together with the number of shares held, which determined the fair value of the investment in Northam Platinum Limited:

	Company	
	30 June 2021	30 June 2020
Northam Platinum Limited (trading under share code: NHM) closing share price	R216.93	R116.20
Number of shares	159 905 453	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	34 688 290	18 581 014

Below is the statement of profit or loss and other comprehensive income of the company's associate, Northam Platinum Limited:

Statement of profit or loss and other comprehensive income

	30 June 2021	30 June 2020
	R000	R000
Sales revenue	32 626 918	17 811 971
Cost of sales	(16 519 625)	(12 510 983)
Operating costs	(14 484 980)	(9 931 934)
Concentrates purchased	(2 883 816)	(2 460 302)
Refining and other costs	(216 629)	(178 718)
Depreciation and write-offs	(844 446)	(626 152)
Change in metal inventory	1 910 246	686 123
Gross profit	16 107 293	5 300 988
Share of earnings from associate	6 180	16 358
Investment income	90 485	119 220
Finance charges excluding Zambezi Preference Share dividends	(705 444)	(602 595)
Net foreign exchange transaction (losses)/gains	(104 804)	84 765
Sundry income	134 107	238 903
Sundry expenditure	(331 905)	(243 787)
Profit before Zambezi Preference Share dividends	15 195 912	4 913 852
Amortisation of liquidity fees paid on Zambezi Preference Shares	(16 390)	(16 390)
Zambezi Preference Share dividends	(378 678)	(1 133 172)
Loss on derecognition of Zambezi Preference Share liability	(1 068 558)	(130 628)
Profit before taxation	13 732 286	3 633 662
Tax	(4 349 328)	(1 464 478)
Profit for the year	9 382 958	2 169 184
Other comprehensive income	(17 954)	24 331
Total comprehensive income for the year	9 365 004	2 193 515

Below is a reconciliation of Zambezi Platinum (RF) Limited's 31.4% share of earnings:

	30 June 2021	30 June 2020
	R000	R000
Profit for the year	9 382 958	2 169 184
Eliminating the Zambezi Preference Share dividends and loss on derecognition of the Zambezi Preference Share liability:		
Zambezi Preference Share dividends	378 678	1 133 172
Loss on derecognition of Zambezi Preference Share liability*	1 068 558	130 628
Profit for the year ended taking into account intergroup eliminations	10 830 194	3 432 984
Zambezi Platinum (RF) Limited's 31.4% share of earnings	**3 397 158**	**1 076 840**
Other comprehensive income	(17 954)	24 331
Zambezi Platinum (RF) Limited's 31.4% share of other comprehensive income	**(5 632)**	**7 632**

**The loss on derecognition of the Zambezi Preference Share liability relates to the difference between the amortised cost value per Zambezi Preference Shares and the price paid by Northam Platinum Limited together with transaction costs incurred on the purchases of these Zambezi Preference Shares.*

Below is the statement of financial position of the company's associate, Northam Platinum Limited:

Statement of financial position

	30 June 2021	30 June 2020
	R000	R000
Assets		
Non-current assets	27 387 827	24 299 715
Property, plant and equipment	19 116 143	16 522 533
Mining properties and Mineral Resources	6 579 506	6 663 425
Interest in associate	68 231	62 657
Land and township development	69 032	75 967
Long-term receivables	83 161	82 232
Investments held by Northam Platinum Restoration Trust Fund	136 030	128 732
Environmental guarantee investment	60 707	62 953
Buttonshope Conservancy Trust	16 067	15 850
Long-term prepayments	–	–
Other financial assets	23 182	23 084
Non-current inventories	1 195 863	662 282
Deferred tax asset	39 905	–
Current assets	10 563 033	6 367 790
Inventories	5 144 590	3 744 313
Trade and other receivables	1 414 930	456 494
Cash and cash equivalents	3 877 208	2 160 956
Tax receivable	126 305	6 027
Total assets	37 950 860	30 667 505
Equity and liabilities		
Total equity	19 015 319	9 650 315
Stated capital	13 778 114	13 778 114
Treasury shares	(6 556 123)	(6 556 123)
Retained earnings	10 901 513	1 518 555
Foreign currency translation reserve	17 367	35 321
Equity settled share-based payment reserve	874 448	874 448
Non-current liabilities	10 371 631	16 639 103
Deferred tax liability	3 181 562	2 177 317
Long-term provisions	812 747	729 327
Zambezi Preference Share liability	1 669 867	8 291 117
Long-term loans	114 195	130 533
Lease liability	68 019	64 361
Long-term share-based payment liability	644 717	354 363
Domestic Medium-Term Notes	3 880 524	4 892 085
Revolving credit facility	–	–
Current liabilities	8 563 910	4 378 087
Current portion of long-term loans	33 804	28 472
Current portion of lease liability	13 228	16 261
Current portion of Domestic Medium-Term Notes	3 713 711	616 327
Short-term share-based payment liability	498 010	183 029
Tax payable	72 664	229 628
Trade and other payables	3 805 501	2 939 251
Provisional pricing derivatives	–	–
Short-term provisions	426 992	365 119
Total equity and liabilities	37 950 860	30 667 505

Significant estimates: Impairment assessment

At each reporting date, an assessment is made as to whether there are indications that the investment in Northam Platinum Limited is impaired. If any indication exists, the investment's recoverable amount is assessed. The recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use, the higher of which has been determined as fair value less costs of disposal.

When the carrying amount of the investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy as per IFRS 13 has three different levels and gives the highest priority to quoted (unadjusted) prices in active markets and the lowest priority to unobservable inputs. An active market is one in which transactions for the asset and liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The frequency and volume of Northam Platinum Limited (trading under share code: NHM) shares traded on the JSE indicate an active market and the share price of the investment in Northam Platinum Limited was therefore considered to be the best assessment of fair value.

Below is the closing share price as at year-end, indicating the fair value:

	30 June 2021	30 June 2020
Northam Platinum Limited closing share price (traded under share code: NHM)	R216.93	R116.20
Number of shares held by Zambezi Platinum (RF) Limited in Northam Platinum Limited	159 905 453	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	34 688 290	18 581 014

The investment in the associate, Northam Platinum Limited, is considered to be the only CGU as well as the only segment of Zambezi Platinum (RF) Limited.

Below is the value of the investment in associate, on a group basis:

	30 June 2021	30 June 2020
Investment in associate (R000)	11 713 338	8 321 812

Based on the calculation of the fair value of the investment in Northam Platinum Limited above, no indicator of impairment is identified at the reporting date and therefore no assessment of the recoverable amount of the investment is required.

Impact of COVID-19 on the impairment assessment

COVID-19 has created uncertainty in the financial markets. This uncertainty flows through to commodity prices, exchange rates and the demand for Platinum Group Metals (PGMs).

Zambezi Platinum (RF) Limited is indirectly impacted by the COVID-19 pandemic through the performance of Northam Platinum Limited.

As part of the impairment assessment, the impact of COVID-19 was considered as a possible indication of impairment, and therefore a potential impairment of the investment in associate, Northam Platinum Limited.

The performance of Northam Platinum Limited was considered during the year under review, together with the movement in the share price.

As a result of the current market value of the investment in Northam Platinum Limited, together with the market value subsequent to year-end, the impact of COVID-19 on the performance of Northam Platinum Limited does not indicate any impairment.

Below is a reconciliation of the value of the investment in associate to the net asset value of the investment based on the statement of financial position of Northam Platinum Limited:

	Group	
	30 June 2021	30 June 2020
	R000	R000
Net asset value of Northam Platinum Limited	19 015 319	9 650 315
Zambezi Platinum (RF) Limited's 31.4% share of net asset value of Northam Platinum Limited	5 964 624	3 027 059
At acquisition fair value adjustment	3 539 949	3 539 949
Impact of the Zambezi Preference Share dividends and loss on derecogniton of the Zambezi Preference Share liability in Northam Platinum Limited*	2 208 349	1 754 388
Impact of the adoption of IFRS 9 Financial Instruments recognised directly in retained earnings	416	416
Value of investment in associate in the group accounts of Zambezi Platinum (RF) Limited	11 713 338	8 321 812

**The loss on derecognition of the Zambezi Preference Share liability relates to the difference between the amortised cost value per Zambezi Preference Shares and the price paid by Northam Platinum Limited together with transaction costs incurred on the purchases of these Zambezi Preference Shares.*

Subsequent to year-end the investment held in Northam Platinum Limited was distributed and/or disposed of as follows, in terms of the Transaction:

	Number of shares[4]	Rand value per share	R000
Total number of Northam Shares	159 905 453	R216.93 (Market value as at 30 June 2021)	34 688 290
Settlement of Revised Accumulated Dividends	(54 016 716)	R160.00	(8 642 675)
Facilitation of Zambezi tax liability and liquidity requirement	(35 458 356)	R152.00	(5 389 670)
Distribution to Zambezi Ordinary Shareholders	(29 454 609)	R259.07 (Market value at the LPD)	(7 630 806)
Subsequent amendment to mark to market fair value adjustment			(6 469 015)
Number of remaining Northam Shares	40 975 772	R160.00	6 556 124

The amendment to the mark to market fair value adjustment represents the movement in the share price between year-end, 30 June 2021 and the Zambezi Scheme Implementation Date, as per the Transaction Documents.

[4] The number of shares disclosed is based on the base case *pro forma* financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.

3. Trade and other receivables

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Accrued interest	1	1	1	1
	1	1	1	1

Accrued interest relates to interest earned on short-term deposits.

4. Cash and cash equivalents

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Cash at bank and on hand	509	501	509	501
	509	501	509	501

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The weighted average effective interest rate on short-term deposits was 3.12% for the current year (30 June 2020: 5.86%) and these deposits are immediately available.

For the purposes of the statement of cash flows, cash and cash equivalents comprise of the above balance as the company and group currently have no overdraft facilities.

5. Stated capital

	Group and company	
	30 June 2021	30 June 2020
	R000	R000
Authorised stated capital		
11 000 Ordinary Shares at no par value		
159 905 453 Zambezi Preference Shares (refer note 7)		
1 N Share		
Issued and fully paid stated capital		
10 000 Ordinary Shares at an issue price of R0.01 per Ordinary Share	*	*
1 N Share at an issue price of R0.01 per N Share	*	*

*Less than R1 000

Zambezi issued the N Share to Northam, the purpose of which was to allow Northam to take certain mitigating actions in the event of the occurrence of an early redemption event under the Zambezi Pref Share Terms and/or the unwinding of the Northam BEE Transaction prior to the expiry of the Lock-in period.

The N Share ranked ahead of the distribution rights of the holders of the Zambezi Ordinary Shares and was equal to the amount of the Lock-in Fee plus interest accrued thereon from the date on which the Lock-in Fee was made until the date of payment of the N Share Distribution, at the dividend rate compounded annually.

Other than as required in terms of the Companies Act, the N Share did not entitle Northam to any voting rights.

Subsequent to year-end, as part of the accelerated maturity of the Northam BEE Transaction, certain amendments have been made to the terms of the N Share.

These amendments provide Northam, as the N Shareholder, with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount), with effect from the Net Value Distribution Date.

6. Deferred tax

The charge in the deferred tax balance is reconciled as follows:

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Deferred tax at the beginning of the year	395 514	152 592	2 693 575	644 739
Charge for the year				
Temporary difference in respect of investment in associate	759 702	242 922	3 608 030	2 048 836
	1 155 216	395 514	6 301 605	2 693 575

On a group basis, the temporary difference in respect of the investment in associate, has been calculated as the difference between the carrying value at the end of the current year and the original purchase price of the Northam Platinum Limited investment at the capital gains tax rate.

On a company basis, the temporary difference in respect of the investment in associate, has been calculated as the difference between the fair value of the investment at the end of the year and the original purchase price of the Northam Platinum Limited investment at the capital gains tax rate.

Subsequent to year-end, at the date of the Revised Accumulated Dividends Settlement together with the Repurchase Implementation Date, the deferred tax balance will be updated and transferred to the South African Revenue Service payable balance.

Significant judgements and estimates: Deferred tax liability raised on group basis

A deferred tax liability is raised on a group basis on the investment in associate based on 'outside' basis difference at the capital gains tax rate. The deferred tax liability is recognised as it will be realised upon the unwinding of the structure.

7. Preference Share liability

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Opening balance	12 592 218	11 159 368	12 592 218	11 159 368
Accrued dividends for the year	1 318 728	1 432 850	1 318 728	1 432 850
	13 910 946	12 592 218	13 910 946	12 592 218

In May 2015, 159 905 453 cumulative redeemable Preference Shares were issued by Zambezi Platinum (RF) Limited at an issue price of R41 per share. The Preference Shares are redeemable in 10 years from date of issue, being 17 May 2025, at R41 per share plus the accumulated unpaid Preference Dividends. The Zambezi Preference Shareholders are entitled to receive a dividend equal to the issue price multiplied by the dividend rate of the South African prime interest rate plus 3.5% calculated on a daily basis, based on a 365-day year compounded annually and capitalised at the end of December of every year.

No dividends were received from Northam Platinum Limited during the year under review (30 June 2020: R Nil). 90% of all dividends received from Northam Platinum Limited must be used to settle the Preference Share liability. The remaining 10% of the dividends to be received from Northam Platinum Limited will be distributed to Zambezi Platinum (RF) Limited's Ordinary Shareholders as a dividend.

Subject to certain exceptions, the cumulative redeemable Preference Shares do not carry the right to vote.

The 159 905 453 cumulative redeemable Preference Shares issued by Zambezi Platinum (RF) Limited were listed on the JSE debt market and traded under share code ZPLP.

Impact of COVID-19 on the Preference Share liability

The interest rate at which the South African Reserve Bank (SARB) lends to commercial banks, known as the repo rate, was cut by 275 basis points since March 2020 in an attempt by the South African government to support and relieve some of the mounting pressure on individuals and businesses alike, effectively reducing the cost of borrowings.

Consequently, the prime interest rate has dropped in line with the repo rate. This has resulted in a reduction of the Preference Share dividend accounted for in the statement of profit or loss and impact on the Preference Share liability accounted for in the statement of financial position.

Subsequent to year-end, with the early maturity and wind up of the Northam BEE Transaction, certain amendments were made with regards to the Preference Share liability.

Zambezi Scheme

On the Zambezi Scheme Implementation Date, Northam acquired all of the Zambezi Preference Shares not already held by Northam, for the Zambezi Offer Consideration. Simultaneously with the Zambezi Scheme, the Zambezi Preference Shares were delisted from the Main Board of the JSE and the Zambezi MOI Amendments, including the Zambezi Pref Share Term Amendments, became effective.

For the avoidance of doubt, the Zambezi Preference Shares acquired by Northam pursuant to the Zambezi Scheme will remain in issue and will be held by Northam following implementation of the Zambezi Scheme and the Zambezi Delisting until the Zambezi Preference Share Redemption is implemented.

Further details of the Zambezi Scheme, the Zambezi Delisting and the Zambezi Pref Share Term Amendments are contained in the Zambezi Scheme Circular.

Revised Accumulated Dividends Settlement

Following implementation of the Zambezi Scheme noted above, on the Repurchase Implementation Date, Zambezi settled the Revised Accumulated Dividends, through the repurchase by Northam of Northam Shares.

Further details of the Revised Accumulated Dividends Settlement are set out below:

Following implementation of the Zambezi Scheme, on the Repurchase Implementation Date, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) of 54 016 716[5] Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

[5] The number of shares disclosed is based on the base case *pro forma* financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.

	Group and company
	Subsequent events as per the LPD
	R000
Opening balance at a 1 July 2020	12 592 218
Accrued dividends for the period	630 253
Closing balance as at 31 December 2020 – balance used for purposes of the *pro forma* financial information	13 222 471
Accrued dividends for the period to the LPD	456 448
Premium Amount	1 519 880
Settlement of the Revised Accumulated Dividends	(8 642 675)
	6 556 124

The disclosures included in the Zambezi annual financial statements regarding the Transaction are in accordance with the requirements included in IAS 10 Events after the Reporting Period (IAS10).

IAS 10 paragraph 21 requires the disclosure of material non-adjusting events occurring after the reporting period when non-disclosure could influence the decisions of users of the financial statements made on the basis of those financial statements. The Transaction constitutes such an event. The following disclosures are therefore required: (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

In line with the reporting requirements of IFRS and following the guidance of IAS 10 as disclosed above, all values and number of shares relating to the Transaction have been disclosed based on calculations as at the Last Practicable Date (LPD) in accordance with the disclosures made in the Transaction Documents.

Users of the Zambezi annual financial statements are referred to the Transaction Documents for additional information relating to the Transaction, as well as the underlying assumptions and judgements applied in calculating the number of shares, as well as the values disclosed, in order to obtain full information of the nature and impact of the Transaction.

8. Interest received

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Interest earned on cash and cash equivalents	16	29	16	29
	16	29	16	29

9. Tax

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Normal tax				
Current year tax	3	8	3	8
Deferred tax				
Capital gains liability raised on difference between carrying value and original purchase price in respect of 'outside' basis differences	759 702	242 922	–	–
Current year temporary difference relating to capital gains tax on the mark to market fair value adjustment	–	–	3 608 030	2 048 836
Charge for the year	759 705	242 930	3 608 033	2 048 844

A reconciliation of the standard rate of South African tax compared with that charged in the statement of profit or loss and other comprehensive income is set out below:

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	%	%	%	%
South African companies tax	28.0	28.0	28.0	28.0
Share of earnings from associate	(45.8)	84.7	–	–
Current year temporary difference relating to capital gains tax on the mark to market fair value adjustment	–	–	(6.1)	(6.6)
Capital gains liability raised on difference between carrying value and original purchase price in respect of 'outside' temporary differences	36.6	(68.2)	–	–
Preference Share dividends not deductible for tax	17.8	(112.7)	2.5	5.2
	36.6	(68.2)	24.4	26.6

10. Cash utilised in operations

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Profit/(loss) before tax	2 078 441	(355 982)	14 788 559	7 713 770
Adjustment for non-cash items:				
Share of earnings from associate	(3 397 158)	(1 076 840)	–	–
Preference Share dividends	1 318 728	1 432 850	1 318 728	1 432 850
Mark to market fair value adjustment	–	–	(16 107 276)	(9 146 592)
Interest received	(16)	(29)	(16)	(29)
	(5)	(1)	(5)	(1)

11. Change in working capital

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Movement in trade and other receivables	–	5	–	5
	–	5	–	5

12. Tax paid

Tax paid consist of the following:

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Balance owing at the beginning of the year	–	(10)	–	(10)
Amounts recognised in profit or loss	(3)	(8)	(3)	(8)
Balance owing at the end of the year	–	–	–	–
	(3)	(18)	(3)	(18)

13. Changes in liabilities arising from financing activities

Below is a reconciliation of the changes in liabilities arising from financing activities:

	Group and company					
	1 July 2020	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair values	Interest accrued	30 June 2021
	Audited	Audited	Audited	Audited	Audited	Audited
	R000	R000	R000	R000	R000	R000
Preference Share liability	12 592 218	–	–	–	1 318 728	13 910 946

	Group and company					
	1 July 2019	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair values	Interest accrued	30 June 2020
	Audited	Audited	Audited	Audited	Audited	Audited
	R000	R000	R000	R000	R000	R000
Preference Share liability	11 159 368	–	–	–	1 432 850	12 592 218

14. Segmental analysis

Zambezi Platinum (RF) Limited was created solely to hold 31.4% of the issued share capital of Northam Platinum Limited, in order for Northam Platinum Limited to comply with the requirements of the Mining Charter and the Minerals and Petroleum Resources Development Act, No. 28 of 2002. As a result, the activities of Zambezi Platinum (RF) Limited are restricted. Due to the structure and ring-fenced nature of Zambezi, the investment held in Northam Platinum Limited is considered significant.

Northam Platinum Limited is therefore the only operating segment of Zambezi Platinum (RF) Limited, as there are no other components which engage in different business activities and whose results are reviewed and assessed separately.

All assets relate to South African-based assets.

All income is earned from sources in South Africa.

The majority of income earned relates to the investment in associate, Northam Platinum Limited.

Refer to note 2 Investment in associate, for details with regards to the investment in Northam Platinum Limited.

15. Financial risk management

The group's only financial liability is the Preference Share liability. Financial assets consist of trade and other receivables as well as cash and cash equivalents.

The group is exposed to market, equity, credit and liquidity risk.

It is the group's policy that no trading in derivatives shall be undertaken.

Northam Platinum Limited oversees the management of these risks and reviews agreed policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and equity risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group is exposed to interest rate fluctuations in relation to the Zambezi Preference Share liability and cash held at banks.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group and company's profit before tax and equity (through the impact on floating rate Zambezi Preference Shares and cash and cash equivalents).

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	5	5	5	5
Decrease of 1%	(5)	(5)	(5)	(5)
Preference Share liability				
Increase of 11.11% for the current year and 1% for the previous year	(1 545 661)	(125 922)	(1 545 661)	(125 922)
Decrease of 11.11% for the current year and 1% for the previous year	1 545 661	125 922	1 545 661	125 922

During the current year a movement of 11.11% was used with regards to market risk associated with the Preference Share liability in accordance with the Zambezi Scheme.

The group does not use interest rate swaps to convert floating rate exposures to fixed rate exposures in order to minimise interest rate risk.

Equity risk

The Zambezi Preference Shares retain equity risk as a result of their redemption being ultimately supported by the value of Northam Platinum Limited shares and/or Northam Platinum Limited's ability to continue as a going concern. The Zambezi Preference Shares therefore present their holders with a combination of the risks and rewards associated with equity and debt instruments.

Zambezi's prospects are therefore limited in nature in that they are dependent on the prospects of the Northam Platinum Limited share price and the returns attributable to the Zambezi Preference Shares which are only in accordance with prevailing interest rates. Various characteristics of the Zambezi Preference Shares, such as the Northam Guarantee and redemption payment structure, provide the holders with additional certainty regarding the recoverability of their dividends and capital.

The following table demonstrates the sensitivity to a reasonable possible change in the share price of Northam, with all other variables held constant, of the company's profit before tax and equity:

	Company	
	30 June 2021	30 June 2020
	R000	R000
Investment in associate – mark to market fair value adjustment		
Increase of 10%	3 468 829	1 858 101
Decrease of 10%	(3 468 829)	(1 858 101)

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk as a result of cash balances held. The group mitigates the risk by ensuring that its counter parties are credit worthy financial institutions.

The group only places funds with recognised financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

The maximum credit risk relating to trade and other receivables and cash and cash equivalents are the balances disclosed on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment. In order to mitigate any liquidity risk, the group has limited access to funds from Northam Platinum Limited.

Previously, the redemption of the Zambezi Preference Shares would have occured, first and foremost, through any cash received from dividends distributed by Northam Platinum Limited during the 10-year Lock-in period, and at the end of the 10-year Lock-in period the possible sell-off of Northam Platinum Limited shares into the market, to redeem the Zambezi Preference Shares. In the event that this was not sufficient to settle the liability, it would be secured by the Northam Guarantee.

Should a liability have arisen under the Northam Guarantee, Northam Platinum Limited may have settled this liability by capitalising Zambezi Platinum (RF) Limited with cash and/or through the issue of Northam Platinum Limited shares before the redemption amount becomes due or by making payment directly to the Zambezi Preference Shareholders. The manner of settlement was not contractually specified and was at the discretion of Northam Platinum Limited.

Therefore, had the Northam Platinum Limited share price not increased sufficiently in value over the 10-year Lock-in period to cover the Preference Share liability, there could have been a dilution in value for all Northam Platinum Limited Ordinary Shareholders, should additional Northam Platinum Limited shares have been issued to the Zambezi Preference Shareholders.

At maturity of the Zambezi Preference Share liability, the contracted undiscounted value of the payment would have been the following, assuming the South African prime interest rate stays unchanged, as at 17 May 2025:

	Group and company		
	Revised Accumulated Dividends Settlement date	Due at the end of the 10-year Lock-in period	Due at the end of the 10-year Lock-in period
	LPD as per the Transaction Documents	30 June 2021	30 June 2020
	R000	R000	R000
Preference Share liability	(15 198 799)	(20 495 669)	(20 721 062)
Prime interest rate assumption on which the Preference Share liability is calculated	N/A	7.00%	7.25%

As per the original terms and conditions associated with the Zambezi Preference Shares, the Preference Share liability was due at the end of the 10-year Lock-in period, which was 17 May 2025. The redemption of the Zambezi Preference Shares would have occurred, first and foremost, through any cash received from dividends distributed by Northam Platinum Limited during the 10-year Lock-in period, and after the end of the Lock-in period the possible sell-off of Northam Platinum Limited shares into the market, to redeem the Zambezi Preference Shares. In the event that this was not sufficient to settle the liability, the Preference Share liability was secured in terms of a financial Guarantee from Northam Platinum Limited.

Subsequent to the year-end, following implementation of the Zambezi Scheme, on the Repurchase Implementation Date, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) of so many Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), as equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

Therefore, subsequent to year-end, the Preference Share liability will amount to:

	Group and company
	Revised Accumulated Dividends Settlement date as per the LPD[6]
	R000
Original capital value of the Zambezi Preference Shares in issue dated 18 May 2015	6 556 124
Accumulated Dividends up to the Last Practical Date	7 122 795
Face value at the Last Practical Date	13 678 919
Premium Amount	1 519 880
Total outstanding Zambezi Preference Share liability at the Revised Accumulated Dividends Settlement date	15 198 799
Made up of the:	
Original capital value of the Zambezi Preference Shares in issue dated 18 May 2015	6 556 124
Revised Accumulated Dividends	8 642 675
Total outstanding Zambezi Preference Share liability at the Revised Accumulated Dividends Settlement date	15 198 799
Settled by way of a repurchase of Northam Platinum Limited Shares valued at R160 per share	R160 per share
Number of Northam Platinum Limited Shares repurchased by Northam Platinum Limited	94 992 488

[6] All values and number of shares disclosed are based on the base case *pro forma* financial information of Zambezi as set out in the Transaction Documents as at the LPD and may vary on implementation.

	Group		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2021	30 June 2021	30 June 2021
	R000	R000	R000
Trade and other receivables	1	–	1
Cash and cash equivalents	509	–	509
Preference Share liability	–	(13 910 946)	(13 910 946)

	Group		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2020	30 June 2020	30 June 2020
	R000	R000	R000
Trade and other receivables	1	–	1
Cash and cash equivalents	501	–	501
Preference Share liability	–	(12 592 218)	(12 592 218)

The following table summarises the classification of financial instruments for the company:

	Company			
	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	R000	R000	R000	R000
Investment in associate	34 688 290	–	–	34 688 290
Trade and other receivables	–	1	–	1
Cash and cash equivalents	–	509	–	509
Preference Share liability	–	–	(13 910 946)	(13 910 946)

	Company			
	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2020	30 June 2020	30 June 2020	30 June 2020
	R000	R000	R000	R000
Investment in associate	18 581 014	–	–	18 581 014
Trade and other receivables	–	1	–	1
Cash and cash equivalents	–	501	–	501
Preference Share liability	–	–	(12 592 218)	(12 592 218)

Fair value of financial assets and liabilities

The fair value of financial instruments, other than the Zambezi Preference Share liability, are substantially identical to the carrying values reflected in the statement of financial position.

The fair values have been determined using available market information and appropriate valuation methodologies.

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – a technique where all inputs that have an impact on the value are observable, either directly or indirectly.

Level 3 – a technique where all inputs that have an impact on the value are not observable.

The investment held in Northam Platinum Limited in the separate stand-alone financial results is classified as level 1.

The fair value of the Zambezi Preference Share liability has been determined with reference to the closing trading price of the Zambezi Preference Share price (JSE preference share code: ZPLP) as at the reporting date:

	Group and company	
	30 June 2021	30 June 2020
Zambezi Preference Share price* (trading under preference share code ZPLP)	R97.50	R81.00
Number of Zambezi Preference Shares in issue	159 905 453	159 905 453
Fair value (R000)	15 590 782	12 952 342

**Rounded to the closest cent*

The Preference Share liability is classified as level 2, due to the low level of activity in the South African debt market.

The carrying value of the Preference Share liability has been determined with reference to the carrying value of the Zambezi Preference Shares at the reporting date:

	Group and company	
	30 June 2021	30 June 2020
Value per Zambezi Preference Share*	R86.99	R78.75
Number of Zambezi Preference Shares in issue	159 905 453	159 905 453
Carrying value (R000)	13 910 946	12 592 218

**Rounded to the closest cent*

The table below discloses the carrying values of the financial assets and liabilities compared to the fair value:

	Group			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Carrying amount	Fair value	Carrying amount	Fair value
	R000	R000	R000	R000
Financial liabilities				
Preference Share liability	(13 910 946)	(15 590 782)	(12 592 218)	(12 952 342)

	Company			
	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Carrying amount	Fair value	Carrying amount	Fair value
	R000	R000	R000	R000
Financial assets				
Investment in associate	34 688 290	34 688 290	18 581 014	18 581 014
Financial liabilities				
Preference Share liability	(13 910 946)	(15 590 782)	(12 592 218)	(12 952 342)

All other financial instruments' carrying values approximate their fair value.

Capital management

The primary objective of the group's capital management is to ensure that it has sufficient capital to meet its Preference Share obligations. The redemption of the Zambezi Preference Shares is secured by Northam Platinum Limited in terms of a financial guarantee, in terms of which Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi has contracted but failed to pay in terms of the Zambezi Pref Share Terms by means of a cash payment or the issue of a determinable number of Northam Platinum Limited shares to the Zambezi Preference Shareholders, or a cash and Northam Platinum Limited share issue combination.

Zambezi Platinum (RF) Limited's prospects are therefore limited in nature in that they are dependent on the prospects of the Northam Platinum Limited share price. The returns attributable to the Zambezi Preference Shares are constant and fluctuate only in accordance with prevailing interest rates. Various characteristics of the Zambezi Preference Shares, such as the Northam Guarantee (as defined in the related party note) and redemption payment structure, provide the holders with additional certainty regarding the recoverability of their dividends and capital.

However, the Zambezi Preference Shares retain equity risk as a result of their redemption being ultimately supported by the value of Northam Platinum Limited shares and/or Northam Platinum Limited's ability to continue as a going concern. The Zambezi Preference Shares therefore present their holders with a combination of the risks and rewards associated with equity and debt instruments.

Northam Platinum Limited's prospects for growth and continued profitability are subject to various external and internal factors which cannot be accurately predicted, projected or controlled by Zambezi Platinum (RF) Limited as an investor in Northam Platinum Limited.

16. Related parties

Zambezi Platinum (RF) Limited was established as a special purpose vehicle by Northam Platinum Limited, with the principal objective of achieving Northam Platinum Limited's BEE compliance.

Zambezi Platinum (RF) Limited was incorporated on 2 June 2014. The company was created for the purpose of assisting Northam Platinum Limited to comply with the Historically Disadvantaged South African (HDSA) ownership requirements set by the Mining Charter. The company was set up for the purpose of facilitating a transaction in which the company acquired shares in Northam Platinum Limited, and in turn Zambezi Platinum (RF) Limited issued Preference Shares to relevant qualifying shareholders to fund the purchase of 31.4% of Northam Platinum Limited shares (Northam BEE Transaction).

Zambezi is a ring-fenced entity created for the specific purpose of raising funds to subscribe for the BEE Shares. As such, Zambezi will not be conducting any other business activities until the expiry of the Lock-in period (which is 10 years from May 2015).

Zambezi Platinum (RF) Limited therefore held 159 905 453 Northam Platinum Limited shares (BEE Shares) which amounted to approximately 31.4% of the total issued Ordinary Share capital of Northam Platinum Limited, which was accounted for as an associate of Zambezi Platinum (RF) Limited.

In terms of the Preference Share agreement between Zambezi and its Preference Shareholders, the Preference Shareholders were entitled to receive dividends equal to the issue price, multiplied by the rate of the South African prime interest rate, plus 3.5% calculated on a daily basis, based on a 365-day year compounded annually and capitalised at the end of December of every year.

The redemption of the Zambezi Preference Shares will occur, first and foremost, through any cash received from dividends distributed by Northam during the 10-year Lock-in period, and after the end of the Lock-in period the possible sell-off of Northam Shares into the market, to redeem the Zambezi Preference Shares. In the event that this is not sufficient to settle the liability, it will be secured in terms of the Northam Guarantee.

Should a liability arise under the Northam Guarantee, Northam may settle this liability by capitalising Zambezi with cash and/or through the issue of Northam Shares before the redemption amount becomes due or by making payment directly to the Zambezi Preference Shareholders. The manner of settlement is not contractually specified and is at the discretion of Northam.

Northam Guarantee

The redemption of the Zambezi Preference Shares is secured by a financial Guarantee from Northam Platinum Limited. In terms of the financial Guarantee, Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay in terms of the Zambezi Pref Share Terms – either by means of a cash payment, the issue of a determinable number of Northam Platinum Limited shares to the Zambezi Preference Shareholders or a cash and Northam Platinum Limited share combination.

Lock-in Fee

In terms of the Northam BEE Transaction, Zambezi Platinum (RF) Limited undertook not to dispose of or encumber the BEE Shares for the duration of the 10-year Lock-in period, other than in accordance with the Zambezi Pref Share Terms and the Zambezi pledge and cession agreement. In terms of the relationship agreements, the Zambezi Ordinary Shareholders have, in turn, undertaken not to dispose of or encumber their Zambezi Platinum (RF) Limited Ordinary Shares for the duration of the Lock-in period.

Furthermore, Zambezi Platinum (RF) Limited has, pursuant to the subscription agreement, and the HDSA participants have, pursuant to their respective relationship agreements, undertaken in favour of Northam Platinum Limited not to engage, directly or indirectly, or in any way to be interested, in any PGM exploration, PGM prospecting or PGM mining activities or in any competitor of the Northam Platinum Limited group for the duration of the Lock-in period, save to the extent specifically permitted under such relationship agreements.

N Share

Zambezi Platinum (RF) Limited issued the N Share to Northam Platinum Limited, the purpose of which is to allow Northam Platinum Limited to take certain mitigating action in the event of the occurrence of an early redemption event under the Zambezi Pref Share Terms and/or the unwinding of the transaction prior to the expiry of the Lock-in period.

The N Share ranks ahead of the Distribution rights of the holders of the Zambezi Platinum (RF) Limited Ordinary Shares and is equal to the amount of the Lock-in Fee plus interest accrued thereon from the date on which the Lock-in Fee was made until the date of payment of the N Share Distribution, at the dividend rate, compounded annually. Other than as required in terms of the Companies Act, the N Share does not entitle Northam Platinum Limited to any voting rights.

Administration of Zambezi Platinum (RF) Limited

For purposes of ensuring that Zambezi Platinum (RF) Limited does not incur any liabilities or indebtedness, other than pursuant to the Transaction Agreements, and that it remains ring-fenced, Zambezi Platinum (RF) Limited and Northam Platinum Limited entered into an administration services agreement in terms of which Zambezi Platinum (RF) Limited has appointed Northam Platinum Limited to attend to the day-to-day management of Zambezi Platinum (RF) Limited's business and the administration of Zambezi Platinum (RF) Limited's affairs at Northam Platinum Limited's sole cost and expense and with no recourse to Zambezi Platinum (RF) Limited subject to maximum costs and expenses of up to R2.0 million per annum, escalating annually at consumer price index (CPI) from the 1st (first) anniversary of the implementation date of the BEE Transaction.

During the current year expenses to the value of R0.9 million (30 June 2020: R1.4 million) were incurred.

The current limit relating to expenses paid on behalf of Zambezi amounts to R2.6 million (30 June 2020: R2.5 million).

17. Going concern

Northam Platinum Limited (Northam) has guaranteed that it will enable Zambezi Platinum (RF) Limited (Zambezi) to settle any Preference Share capital and dividends required by the Northam BEE Transaction, as well as any other expenses incurred by the company.

Northam guarantees payment of the redemption price in respect of the Zambezi Preference Shares and the Preference Dividends by way of the Northam Guarantee. Northam guaranteed the payment of all amounts which Zambezi has contracted to pay (but failed to pay on the due date thereof) in respect of the Zambezi Preference Shares by means of, at Northam's election, a cash payment and/or the issue of a determinable number of Northam Shares to the holders.

During the year under review, Northam and Zambezi entered into the Implementation Agreement in order to accelerate the maturity of the Northam BEE Transaction. The Transaction (excluding the Zambezi Preference Share Redemption) was implemented on 6 September 2021.

Pursuant to the Zambezi Scheme (which forms part of the Transaction), all Zambezi Preference Shares not already held by Northam were purchased by Northam on 23 August 2021 and there are therefore no liabilities other than the Zambezi Preference Share liability to Northam, which Northam has guaranteed.

As part of the accelerated maturity of the Northam BEE Transaction, certain amendments have been made to the terms of the N Share. These amendments provide the N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Preference Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date, which was 6 September 2021.

With the Zambezi N Share Term Amendments, Northam, in its capacity as the Zambezi N Shareholder, has assumed voting and economic control of Zambezi and Zambezi has become a Subsidiary of Northam.

As a Subsidiary of Northam, Zambezi will continue to receive the support of Northam.

The annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of Northam and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

18. Directors' remuneration

In terms of the Zambezi Platinum (RF) Limited (Zambezi) MOI, no remuneration shall be paid to any director in his/her capacity as a director.

Subsequent to year-end, the independent directors were remunerated for services as independent directors of Zambezi. The remuneration was paid by the Zambezi Ordinary Shareholders and not by Zambezi.

The following payments were made to the independent directors of Zambezi Platinum (RF) Limited by the Zambezi Ordinary Shareholders:

	30 June 2021	30 June 2020
	R000	R000
Independent directors' remuneration		
P Ntshalintshali	1 383	N/A
C Ntuta	1 383	N/A
KH Sekhokho	1 383	N/A
	4 149	N/A

19. Events after the reporting date

There have been no facts or circumstances of a material nature, other than what has been disclosed, that have occurred between the reporting date and the date of this report, which requires adjustment to the annual financial statements or the notes to the annual financial statements.

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING OF ORDINARY SHAREHOLDERS OF THE COMPANY (AGM)

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008, as amended, (the Companies Act) and clause 19.4 of the company's Memorandum of Incorporation (MOI), that the annual general meeting of Ordinary Shareholders of Zambezi Platinum (RF) Limited (Zambezi or the company) (AGM) will be held at Northam Platinum Limited, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Friday, 29 October 2021 at 09:00 (Notice) (subject to any adjournment or postponement) for the following purposes:

Considering and, if deemed fit, adopting, with or without modification, the ordinary resolutions set out below:

Ordinary resolutions

- receiving, considering and adopting the audited annual financial statements of Zambezi for the year ended 30 June 2021;
- re-electing directors;
- re-appointing external auditors; and
- transacting any other business as may be conducted at an AGM.

In light of the regulations, directives and/or preventative measures required to be adhered to relating to the COVID-19 pandemic as published or issued by the relevant South African authorities from time to time, and the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic (the COVID-19 Restrictions), Zambezi Ordinary Shareholders are encouraged to make use of proxies for purposes of voting at the AGM.

The AGM is expected to be held in person as set out above. However, as a result of the COVID-19 Restrictions, Zambezi Ordinary Shareholders or their proxies may be prevented from attending the AGM in person. In such circumstances, Zambezi may determine, by way of notice to Zambezi Ordinary Shareholders by no later than 10 Business Days prior to the AGM, that the AGM will take place entirely by electronic means and/or that Zambezi Ordinary Shareholders or their proxies will be entitled to vote electronically, which notice will include details and instructions in respect of such arrangements.

Record dates

In terms of section 59(1)(a) and (b) of the Companies Act, the board of directors of the company (board) has set the record date for the purpose of determining which Shareholders are entitled to:

- receive this Notice (being the date on which a Shareholder must be registered in the company's Ordinary Share register in order to receive notice) as Thursday, 23 September 2021; and
- participate in and vote at the AGM (being the date on which an Ordinary Shareholder must be registered in the company's share register in order to participate in and vote at the AGM) as Friday, 15 October 2021. The last day to trade in order to be entitled to participate in and vote at the AGM will therefore be Tuesday, 12 October 2021.

Ordinary resolutions

Ordinary resolution number 1: Adoption of the annual financial statements

"Resolved that the audited annual financial statements for the year ended 30 June 2021 including the reports of the directors, and auditors, be and are hereby adopted."

The annual report, incorporating, *inter alia*, the audited annual financial statements, is available on the Zambezi website at www.northam.co.za/zambezi or can be obtained from the company's registered office on request.

Ordinary resolution number 2: Re-election of director

"Resolved that Mr PA Dunne, who retires by rotation in terms of clause 25.22 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

Ordinary resolution number 3: Re-appointment of external auditors

"Resolved that Ernst & Young Inc. (with the designated external audit partner being Mr Ebrahim Dhorat) be and is hereby re-appointed as the independent external auditors of the company."

The Northam Holdings audit and risk committee has evaluated the performance of Ernst & Young Inc. in accordance with the provisions of the Companies Act and paragraph 7.3(e)(iii) of the Listings Requirements, as read with paragraph 22.15(h) of the JSE Limited Listings Requirements, and recommends their re-appointment as independent external auditors of the company.

Directors' responsibility statement – The directors, whose names are given on pages 15 to 17 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and, where necessary, in terms of the Listings Requirements.

To transact any other business as may be conducted at an AGM.

Approvals required for resolutions

The ordinary resolutions contained in this notice require the approval of more than fifty percent (50%) of the total votes cast on the resolutions by Ordinary Shareholders present or represented by proxy at the AGM.

Proxies and identification

Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the Shareholder.

On a show of hands, every Ordinary Shareholder of the company present in person or represented by proxy shall have only one (1) vote. On a poll, every Ordinary Shareholder of the company shall have one vote for every share held in the company by such Shareholder.

A proxy need not also be the Shareholder.

A proxy form is attached for use by Ordinary Shareholders. To be effective, a proxy form must be executed in terms of the MOI and in accordance with the relevant instructions set out on the form, and must be lodged with the secretaries, e-mail: trish.beale@norplats.co.za or delivered at Northam's Offices, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090, South Africa, so as to be received by not less than 48 hours prior to the AGM (being Wednesday, 27 October 2021 at 09:00), for administrative purposes, however, a proxy form may still be submitted up until the time of commencement of the AGM. If required, additional proxy forms may be obtained from the secretaries.

In terms of section 63(1) of the Companies Act, any person attending or participating in an AGM must provide satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote at the AGM, whether as Shareholder or as proxy for a Shareholder, has been reasonably verified.

By order of the board.

Northam Platinum Holdings Limited
Secretaries
per P B Beale
Johannesburg
23 September 2021

FORM OF PROXY

Zambezi Platinum (RF) Limited
(Incorporated in the Republic of South Africa)
(Registration number 2014/106927/06)
Previously listed JSE preference share code: ZPLP
ISIN code: ZAE000202552
("Zambezi" or the "Company")

To be completed by Zambezi Ordinary Shareholders only

For use in respect of the annual general meeting of Ordinary Shareholders of the Company (AGM), to be held at Northam Platinum Limited, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Friday, 29 October 2021 at 09:00, subject to any adjournment or postponement.

I/We (full names in block letters) _____

Telephone (work) _____ Telephone (home) _____

being the holder(s) of [ ] Ordinary Shares in the company, appoint (see note 1):

1. _____ or failing him/her
2. _____ or failing him/her

3. the chairman of the AGM, as my/our proxy to act on my/our behalf at the AGM which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against or abstain from voting on the ordinary resolutions in respect of the Zambezi Ordinary Shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per Ordinary Share)		
Resolutions	For	Against	Abstain
Ordinary resolution number 1 – adoption of annual financial statements for the year ended 30 June 2021			
Ordinary resolution number 2 – re-election of Mr PA Dunne as a director			
Ordinary resolution number 3 – re-appointment of Ernst & Young Inc. as the independent external auditor of the company			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak, and on a poll, vote in place of that Shareholder at the AGM.

Signed at _____on _____2021

Signature(s) _____ Capacity _____

Please read the notes on the reverse side hereof.

NOTES TO FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternate proxies of the Shareholder's choice in the space(s) provided, with or without deleting 'the chairman of the AGM'. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. A Shareholder should insert an 'X' in the relevant space according to how they wish their votes to be cast. However, if a Shareholder wishes to cast a vote in respect of a lesser number of Zambezi Ordinary Shares than they own in the Company, they should insert the number of Zambezi Ordinary Shares held in respect of which they wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the Shareholders' votes exercisable at the AGM. A Shareholder is not obliged to use all the votes exercisable by the Shareholder, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the Shareholder.

3. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

4. The chairman of the AGM may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.

5. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or waived by the chairman of the AGM.

7. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.

8. Forms of proxy should be e-mailed to Trish Beale, company secretary of Northam Holdings, e-mail: trish.beale@norplats.co.za or delivered at Northam's Offices, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090, South Africa, so as to be received by no later than 09:00 on Wednesday, 27 October 2021, however, a proxy form may still be submitted up until the time of commencement of the AGM.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise;
- if the instrument appointing a proxy has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
    - the relevant shareholder; or
    - the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint 1 or more persons named by the company as a proxy, or supplies a form of proxy instrument:
    - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
    - the invitation or form of proxy instrument supplied by the company must:
        - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
        - contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
        - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
    - the company must not require that the proxy appointment be made irrevocable; and
    - the proxy appointment remains valid only until the end of the meeting, or any adjournment thereof, at which it was intended to be used.

GLOSSARY INCLUDING DEFINITIONS AND INTERPRETATION

Performance measures (PMs) not defined by the International Financial Reporting Standards (IFRS) and which are disclosed in this report, are not uniformly defined or used by all entities, and may not be comparable with similar disclosures provided by other entities. To obtain an understanding of, *inter alia*, the purpose and computation of the PMs, Zambezi Shareholders are referred to the glossary set out below. The responsibility of the PMs, and the financial reporting procedures relating to the PMs, remains with the board of directors of Zambezi Platinum (RF) Limited.

In this annual report including the annual financial statements, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column:

30-Day VWAP	The volume weighted average price at which Northam Shares and/or ordinary shares in the issued share capital of Northam Platinum Holdings Limited (Northam Holdings), as the case may be, trade on the JSE for the 30 trading days up to but excluding the relevant day, as published by Refinitiv (previously known as Thomson Reuters) or, if Refinitiv should cease to publish such information, as published by any equivalent reputable agency nominated by Northam and/or Northam Holdings, as the context may require
Accumulated Dividends	"Accumulated Dividends" as defined in the Zambezi Pref Share Terms, being the aggregate of the dividends which have accrued and become payable in respect of the Zambezi Preference Shares but which have not been paid by Zambezi
Adjusted Zambezi Taxes	the amount of the estimated Zambezi Taxes calculated in accordance with the Calculation Model utilising the disposal price (for tax purposes) determined in accordance with the Tax Ruling in relation to the disposals by Zambezi of Northam Shares in terms of the Repurchase, the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
AGM	Annual General Meeting
Base Case Zambezi Taxes	the amount of the estimated Zambezi Taxes calculated in accordance with the Calculation Model utilising a disposal price (for tax purposes) of (i) R152.00 in relation to the disposal by Zambezi of Northam Shares in terms of the Repurchase; and (ii) R160.00 in relation to the transfer by Zambezi of Northam Shares in terms of the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
BEE	black economic empowerment as contemplated in the BEE Laws
BEE Shares	the 159 905 453 Northam Shares held by Zambezi
BEE Trust Transaction Agreements	the written agreements which are expected to be entered into between Northam, Zambezi and each of the BEE Trusts, in terms of which the parties will, *inter alia*, agree to amend the applicable transaction documents relating to the Northam BEE Transaction to enable the parties to implement and give effect to the Transaction
BEE Trusts	collectively, the ESOP and the Community Trusts, or any one or each of them, as the context may require
Business Day	any day other than a Saturday, Sunday or gazette national public holiday in South Africa
Calculation Model	the financial model utilised to calculate the estimated Zambezi Taxes, the estimated STT Liability Amount and the Zambezi Retention Shares, in an agreed form between Northam and Zambezi and incorporated into the Implementation Agreement
Community Trusts	collectively, the Zondereinde Community Trust and the Booysendal Community Trust, or any one or more of them, as the context may require
Companies Act	the Companies Act, No. 71 of 2008

COVID-19 Restrictions	the regulations, directives and/or preventative measures required to be adhered to relating to the COVID-19 pandemic as published or issued by the relevant South African Authorities from time to time, and the guidance from the South African Government regarding the need for social distancing as a result of the COVID-19 pandemic
CSDP	a "participant", as defined in section 1 of the Financial Markets Act, being a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both in terms of the central depository rules
Differential Zambezi Taxes	in the event that the amount of the Adjusted Zambezi Taxes exceeds the amount of the Base Case Zambezi Taxes ("Excess") by more than R250 million, the amount by which the Excess exceeds R250 million
Distribution	a "distribution" as defined in the Companies Act
ESOP	the Northam Employees' Trust (Master's reference no. IT000173/2015(G)) or the trustees thereof acting in their capacities as such, as the context may require, being a Zambezi Ordinary Shareholder holding 9.60% of the Zambezi Ordinary Shares in issue
ESOP Repurchase	the repurchase by Northam of the ESOP Repurchase Shares
Extended Empowerment Transaction	the proposed transaction in terms of which (i) the Northam Scheme is implemented; and (ii) the ownership by HDPs (through special purpose vehicles) in Northam will be restored to up to 26.5% (net of Treasury Shares), so as to enable Northam to comply with the HDP ownership requirements set out in the BEE Laws, with an emphasis on participation by employees of the Northam Group and host and affected communities
Extended Empowerment Transaction Conditions	the conditions precedent to the implementation of the Extended Empowerment Transaction
Face Value	in respect of each Zambezi Preference Share on any day, the aggregate of R41.00 and the Accumulated Dividends
Guarantee	the written agreement headed "Guarantee" entered into between, *inter alios*, Northam and Zambezi on or about 31 March 2015, in terms of which Northam guarantees the payment of all amounts payable by Zambezi to the Zambezi Preference Shareholders in respect of the Zambezi Preference Shares
HDPs	historically disadvantaged persons as defined in the Mineral and Petroleum Resources Development Act, No. 28 of 2002
HDSA	Historically Disadvantaged South Africans - South African citizens, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation which should be representative of the demographics of the country
Implementation Agreement	the written agreement headed "Implementation and Framework Agreement" entered into between Northam and Zambezi on 22 March 2021, which agreement, *inter alia*, sets out the said parties' respective rights and obligations under, and in respect of, the Transaction
Income Tax Act	the Income Tax Act, No. 58 of 1962
JSE	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by the JSE Limited, as the context may require

King IV™	The King IV Report on Corporate Governance for South Africa, 2016
Last Practicable Date (LPD)	Friday, 30 April 2021, being the last practicable date prior to the finalisation of the Circular
Listings Requirements	the listings requirements issued by the JSE under the Financial Markets Act to be observed by issuers of debt instruments listed on the JSE, being the JSE Debt Listings Requirements
Lock-in Fee	the amount of R400 million paid by Northam to Zambezi as consideration for certain undertakings given by Zambezi in terms of the Northam BEE Transaction
Lock-in period	In terms of the Northam BEE Transaction, Zambezi has undertaken not to dispose of or encumber the BEE Shares for the duration of the 10-year Lock-in period, other than in accordance with the Zambezi Pref Share Terms and the Zambezi pledge and cession agreement. The Lock-in period is from 18 May 2015 to 17 May 2025
Mining Charter	the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018, published in Government Notice 639, Government Gazette No. 41934, dated 27 September 2018, as amended by Government Notice 1398, Government Gazette No. 42118, dated 19 December 2018
MOI	a memorandum of incorporation as envisaged in the Companies Act
Net Repurchase Amount	the Repurchase Consideration, less the Zambezi Retention Amount
Net Value Cash Distribution	the cash dividend declared by the Zambezi Board, pursuant to the Net Value Distribution
Net Value Distribution	the Distribution to Zambezi Ordinary Shareholders, comprising the Net Value Cash Distribution and the Net Value Share Distribution
Net Value Distribution Date	the Business Day after the Repurchase Implementation Date
Net Value Share Distribution	the dividend in specie declared by the Zambezi Board pursuant to the Net Value Distribution
Northam	Northam Platinum Limited (registration number 1977/003282/06), a public company incorporated in accordance with the laws of South Africa and whose shares are listed on the Main Board of the JSE
Northam BEE Transaction	the BEE transaction concluded between, *inter alios*, Northam and Zambezi during 2014 and 2015, in terms of which Zambezi acquired approximately 31.37% of the issued Northam Shares, as more fully set out in the circular distributed by Northam to Northam Shareholders dated 17 February 2015
Northam Booysendal Community Trust	the Northam Booysendal Community Trust (Master's reference no. IT000178/2015(G)) or the trustees thereof acting in their capacities as such, being a Zambezi Ordinary Shareholder holding 7.95% of the Zambezi Ordinary Shares in issue. The beneficiaries include the communities residing in the vicinity of one or more of the Northam Group's mining operations
Northam Group	Northam and, with effect from the date on which the Northam Scheme was implemented, Northam Holdings, and their respective Subsidiaries from time to time and "Member of the Northam Group" shall mean either one or each of them, as the context may require
Northam Holdings	Northam Platinum Holdings Limited (registration number 2020/905346/06), a public company incorporated in accordance with the laws of South Africa, being a wholly-owned Subsidiary of Northam as at the Last Practicable Date, and whose shares listed on the Main Board of the JSE when the Northam Scheme became operative

Northam Scheme	the scheme of arrangement in terms of section 114(1) as read with section 115 of the Companies Act and paragraph 1.17(b) of the JSE Limited Listings Requirements, proposed by the board of directors of Northam between Northam and Northam Shareholders, in terms of which, subject to the Extended Empowerment Transaction Conditions being fulfilled or waived and the Northam Scheme becoming operative, Northam Holdings will acquire all of the Northam Shares (excluding Treasury Shares) in issue and the listing of all the Northam Shares on the Main Board of the JSE will be terminated
Northam Share	an ordinary share of no par value in the authorised share capital of Northam having the rights and limitations set out in Northam's MOI
Northam Shareholder	a registered holder or the beneficial holder of a Northam Share, as the context may require
Northam Zondereinde Community Trust	the Northam Zondereinde Community Trust (Master's reference no. IT000177/2015(G)) or the trustees thereof acting in their capacities as such, as the context may require, being a Zambezi Ordinary Shareholder holding 7.95% of the Zambezi Ordinary Shares in issue. The beneficiaries include the communities residing in the vicinity of one or more of the Northam Group's mining operations
Notice of Zambezi General Meeting	the notice convening the Zambezi General Meeting, incorporated into the Circular
Offer Circular	the circular issued by Northam to Northam Shareholders, on or about 7 April 2015, in respect of the offer, which circular was accompanied by the prospectus
Ordinary Resolution	a resolution adopted by the relevant shareholders with the support of more than 50% of the voting rights exercised on the resolution, or such higher percentage as may be expressly stated
PGM	Platinum Group Metal
Premium Amount	the increase to the Accumulated Dividends in respect of each Zambezi Preference Share
Prime Rate	the percentage publicly quoted as the basic rate of interest levied by Nedbank Limited from time to time on overdraft, calculated on a 365-day year, irrespective of whether the applicable year is a leap year, and proved, prima facie, in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of Nedbank Limited, whose appointment and authority need not be proved
Proportionate Lock-in Fee Amount	a proportionate amount of the Lock-in Fee, which amount shall be calculated in accordance with a formula based on the Lock-in Fee; the number of days from (and including) the Net Value Distribution Date to (and excluding) 17 May 2025; and the number of days from (and including) 18 May 2015 to (and excluding) 17 May 2025
R	South African Rand and cents, the official lawful currency of South Africa
Repurchase	the acquisition by Northam of the Repurchase Shares held by Zambezi for the Repurchase Consideration
Repurchase Consideration	the aggregate cash consideration payable for the Repurchase Shares acquired pursuant to the Repurchase, being R152.00 per Repurchase Share
Repurchase Implementation Date	the Business Day on which the Repurchase was implemented

Repurchase Shares	the Northam Shares repurchased by Northam in terms of the Repurchase
Residual Northam Shares	the 159 905 453 Northam Shares held by Zambezi pursuant to the implementation of the Northam BEE Transaction, less (i) the Northam Shares transferred by Zambezi to Northam in terms of the Revised Accumulated Dividends Settlement; (ii) the Repurchase Shares; (iii) the Northam Shares transferred by Zambezi to Northam in terms of the Zambezi Preference Share Redemption; and (iv) the Zambezi Retention Shares (if any)
Revised Accumulated Dividends	the Accumulated Dividends as at the Zambezi Scheme Implementation Date together with the Premium Amount
Revised Accumulated Dividends Settlement	the settlement of the Revised Accumulated Dividends by way of a transfer by Zambezi of so many Northam Shares held by Zambezi, valued at R160.00 per Northam Share, as is equal in value to the amount of the aggregate Revised Accumulated Dividends to Northam, or in cash, implemented by way of a repurchase of Northam Shares by Northam
SARS	the South African Revenue Service
Secretaries	the secretaries of Zambezi, being Northam Holdings, represented by Ms PB Beale
SENS	the Stock Exchange News Service operated by the JSE
South Africa	the Republic of South Africa
Strategic Partners	Atisa Platinum (RF) Proprietary Limited, Malundi Resources (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited
STT	securities transfer tax levied in terms of the Securities Transfer Tax Act, No. 25 of 2007
STT Liability Amount	the STT payable by the Zambezi Ordinary Shareholders in respect of the transfer of the relevant number of Residual Northam Shares to them pursuant to the Net Value Share Distribution
Subscription agreement	the agreement headed ''Subscription and Relationship Agreement'' entered into between Zambezi and Northam on 21 October 2014, as amended in terms of which Zambezi subscribed for 112 195 122 Northam Shares
Subsidiary	a "subsidiary", as defined in section 3 of the Companies Act provided that the term "subsidiary" shall, for purposes of this report, not be limited to "companies", but shall include any "juristic person" (as each of those terms are defined in the Companies Act), and shall include a person incorporated outside South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act
Tax Ruling	the binding private ruling in terms of section 78 of the Tax Administration Act, No. 28 of 2011 regarding certain of the Zambezi Taxes obtained by Northam and Zambezi from SARS
Transaction	the transaction entailing, *inter alia*, the Zambezi Scheme, the Zambezi Delisting, the Revised Accumulated Dividends Settlement, the Repurchase, the Net Value Distribution, the realisation of the Zambezi Retention Shares (if any), the ESOP Repurchase and the Zambezi Preference Share Redemption

Transaction Agreements	collectively, the following: (i) the Implementation Agreement; (ii) the Zambezi MOI as amended pursuant to the Zambezi MOI Amendments; (iii) the MOI or trust deed, as the case may be, of each Zambezi Ordinary Shareholder, duly amended in order to enable each Zambezi Ordinary Shareholder to enter into and/or implement the Transaction and the agreements and transactions envisaged in the Implementation Agreement (to the extent necessary), in such form and substance as may be acceptable to Northam; (iv) the Relevant Zambezi Shareholder Transaction Agreements (as defined in the Transaction Documents); (v) the BEE Trust Transaction Agreements; (vi) the Zambezi Ordinary Shareholder Loan Agreements; and (vii) the written agreement headed "Irrevocable Undertaking" entered into between Zambezi and Northam on 16 September 2020, and such other document or agreement as may be designated as a Transaction Document by Northam upon written notice to Zambezi from time to time
Transaction Conditions	the conditions precedent to the implementation of the Repurchase
Transaction Documents	collectively, the following: i. the Implementation Agreement entered into between Northam and Zambezi on 22 March 2021; ii. the Zambezi MOI as amended pursuant to the Zambezi MOI Amendments; iii. the MOI or trust deed, as the case may be, of each Zambezi Ordinary Shareholder, duly amended in order to enable each Zambezi Ordinary Shareholder to enter into and/or implement the Transaction and the agreements and transactions envisaged in the Implementation Agreement (to the extent necessary), in such form and substance as may be acceptable to Northam; iv. the Relevant Zambezi Shareholder Transaction Agreements entered into between, inter alios, Northam, Zambezi and each of the Relevant Zambezi Shareholders on 22 March 2021; v. the BEE Trust Transaction Agreements which are expected to be entered into between Northam, Zambezi and each of the BEE Trusts; vi. the Zambezi Ordinary Shareholder Loan Agreements entered into between, inter alios, Northam, Zambezi and each of the Relevant Zambezi Shareholders on 22 March 2021; vii. the Zambezi Ordinary Shareholder Loan Agreements which are expected to be entered into between Northam, Zambezi and each of the BEE Trusts; and viii. the written agreement headed "Irrevocable Undertaking" entered into between Zambezi and Northam on 16 September 2020, and such other document or agreement as may be designated as a Transaction Document by Northam upon written notice to Zambezi from time to time;
Transfer Secretaries	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa

Treasury Shares	the Northam Shares and/or Northam Holdings Shares, as the case may be, held by Subsidiaries of the Northam Group, from time to time
VWAP	Volume Weighted Average Price, is a trading benchmark used by traders that gives the average price a security has traded over a specific period, based on both volume and price
Women's Consortium	Zambezi Platinum Women's SPV (RF) Proprietary Limited (registration number 2014/191546/07), a ring-fenced private company incorporated in accordance with the laws of South Africa
Zambezi Board or Zambezi Directors	the directors of Zambezi or any one or more of them as the context may require
Zambezi Delisting	the termination of the listing of the Zambezi Preference Shares on the Main Board of the JSE
Zambezi Disposal Circular	Circular to Ordinary Zambezi Shareholders, dated 21 June 2021, issued by the Independent Board and Zambezi, and all annexures hereto and incorporating the Notice of Zambezi General Meeting and the Form of Proxy
Zambezi Disposals	collectively, the disposals by Zambezi (i) of Northam Shares held by it pursuant to the Revised Accumulated Dividends Settlement, the Repurchase, the Net Value Distribution, the Zambezi Preference Share Redemption and the realisation of the Zambezi Retention Shares (if applicable); and (ii) pursuant to the cash settlement of the unpaid "Preference Dividends" (as defined in the Zambezi Pref Share Terms) pursuant to the Zambezi Preference Share Redemption
Zambezi MOI Amendments	the amendments to the Zambezi MOI to (i) enable Zambezi to implement the Transaction, with effect from the Zambezi Scheme Implementation Date and (ii) convert Zambezi into a private company, with effect from the date on which the Zambezi Delisting became effective, together with other amendments necessary to give effect to and implement the Transaction
Zambezi N Share or N Share	an N share in the share capital of Zambezi having the preferences, rights, limitations and other terms set out in the Zambezi N Share Terms
Zambezi N Share Term Amendments	the amendments to the Zambezi N Share Terms with effect from the Net Value Distribution Date in order to provide the Zambezi N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms
	and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount), together with other amendments necessary to give effect to and implement the Transaction
Zambezi N Share Terms	the preferences, rights, limitations and other terms associated with the Zambezi N Share, as contained in annexure 2 of the Zambezi MOI
Zambezi N Shareholder	the holder of the Zambezi N Share, being Northam
Zambezi Offer	the offer by Northam to Zambezi Preference Shareholders to acquire the remaining Zambezi Preference Shares not already held by Northam, for the Zambezi Offer Consideration, implemented by way of the Zambezi Scheme, as more fully set out in the Zambezi Scheme Circular

Zambezi Offer Consideration	a cash consideration per Zambezi Scheme Share amounting to: the Face Value per Zambezi Preference Share on the Zambezi Scheme Implementation Date, calculated in accordance with the provisions of the Zambezi Pref Share Terms, provided that, notwithstanding any changes to the Prime Rate on or after the Zambezi Scheme Record Date, the Prime Rate between the Zambezi Scheme Record Date and the Zambezi Scheme Implementation Date will be deemed to be the prevailing Prime Rate as at the day immediately preceding the Zambezi Scheme Record Date, plus a 15.99% premium thereon, rounded up to the nearest cent
Zambezi or the Company or the Group	Zambezi Platinum (RF) Limited (registration number 2014/106927/06), a ring-fenced public company incorporated in accordance with the laws of South Africa
Zambezi Ordinary Share or Ordinary Share	an ordinary share of no par value in the authorised share capital of Zambezi, having the rights and limitations set out in the Zambezi MOI
Zambezi Ordinary Shareholder Loan Agreements	collectively, the written agreements headed "Loan and Transaction Agreement" entered into between Zambezi, Northam and each of the Zambezi Ordinary Shareholders, in terms of which, *inter alia*, Northam agrees to advance a loan each Zambezi Ordinary Shareholder and each Zambezi Ordinary Shareholder agrees to be liable for the costs incurred on behalf of Zambezi in respect of the Transaction
Zambezi Ordinary Shareholders or Ordinary Shareholders	collectively, the registered holders of Zambezi Ordinary Shares
Zambezi Ordinary Shareholders Retention Amount	a portion of the Net Value Cash Distribution, equal to the aggregate of: the Zambezi Transaction Costs (less an amount of (i) R10 million (plus VAT thereon), (ii) R4,150,000 (it being recorded that there is no VAT thereon) and (iii) R850,000 (plus VAT thereon)); the estimated STT Liability Amount; and the aggregate Zambezi Ordinary Shareholder Loan outstandings plus the aggregate deemed interest amount
Zambezi Pref Share Term Amendments	the amendments to the Zambezi Pref Share Terms
Zambezi Pref Share Terms	the preferences, rights, limitations and other terms associated with the Zambezi Preference Shares as set out in annexure 1 of the Zambezi MOI
Zambezi Preference Share or Preference Share	a cumulative, non-participating no par value Preference Share in the share capital of Zambezi, having the rights, obligations and privileges set out in the Zambezi Pref Share Terms
Zambezi Preference Share Redemption	the redemption of the Zambezi Preference Shares in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments)
Zambezi Preference Shareholder or Preference Shareholder	a registered holder or the beneficial holder of Zambezi Preference Shares, as the context may require
Zambezi Retention Amount	the estimated amount of the Zambezi Taxes, as calculated in accordance with the Calculation Model, less the Differential Zambezi Taxes (if any)
Zambezi Retention Release Amount	the difference between the actual Zambezi Taxes and the Zambezi Retention Amount

Zambezi Retention Shares	The number of Northam Shares held by Zambezi to be retained by Zambezi in order to settle Portion C of the Differential Zambezi Taxes, which number shall be calculated in accordance with the Calculation Model utilising a formula (rounded up to the nearest whole number): where: Portion C of the Differential Zambezi Taxes; and the 30-Day VWAP on the Repurchase Implementation Date
Zambezi Scheme	the scheme of arrangement in terms of section 114(1) as read with section 115 of the Companies Act, proposed by the Zambezi Board between Zambezi and Zambezi Preference Shareholders, in terms of which Northam acquired all of the Zambezi Scheme Shares held by the Zambezi Scheme Participants, as more fully set out in the Zambezi Scheme Circular
Zambezi Scheme Circular	the circular to Zambezi Shareholders, dated 21 June 2021, setting out the terms and conditions of the Zambezi Scheme, the Zambezi Delisting and the Zambezi Pref Share Term Amendments and including the notices convening the Zambezi Meetings
Zambezi Scheme Implementation Date	the date on which the Zambezi Scheme became operative and was implemented (i.e. the 1st Business Day following the Zambezi Scheme Record Date)
Zambezi Scheme Participants	all Zambezi Preference Shareholders (excluding Northam) registered as such on the Register on the Zambezi Scheme Record Date, except Dissenting Shareholders who have not had their rights in respect of their Zambezi Preference Shares reinstated as envisaged in sections 164(9), 164(10) or 164(15)(c)(v)(aa) of the Companies Act, whether voluntarily or pursuant to a final court order
Zambezi Scheme Record Date	the last day for Zambezi Preference Shareholders to be recorded in the Register in order to participate in the Zambezi Scheme
Zambezi Scheme Shares	the Zambezi Preference Shares held by the Zambezi Scheme Participants
Zambezi Shareholders	collectively, the Zambezi Preference Shareholders, the Zambezi Ordinary Shareholders and the Zambezi N Shareholder, or any one or more of them as the context may require
Zambezi Shareholding	in respect of a Zambezi Ordinary Shareholder, such Zambezi Ordinary Shareholder's proportionate holding of all the Zambezi Ordinary Shares in issue (expressed as a percentage)
Zambezi Shares	collectively, the Zambezi Ordinary Shares, the Zambezi Preference Shares and the Zambezi N Shares, or any one or more of them as the context may require
Zambezi Taxes	the aggregate of: the capital gains tax as envisaged in the eighth schedule of the Income Tax Act read with section 26A thereof, that will become payable by Zambezi as a result of the Zambezi Disposals; and the aggregate amount of STT which Zambezi has agreed to pay in terms of the Zambezi Pref Share Terms pursuant to the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
Zambezi Transaction Costs	the costs incurred on behalf of Zambezi in respect of the Transaction, being (i) the advisory fees payable to Zambezi's advisors; (ii) the fees of the Zambezi Independent Board; and (iii) the fees of the Independent Expert appointed by the Zambezi Independent Board, further details of which are set out in the Implementation Agreement
Zondereinde Community Trust	the Northam Zondereinde Community Trust (Master's reference no. IT000177/2015(G)) or the trustees thereof acting in their capacities as such, as the context may require, being a Zambezi Ordinary Shareholder holding 7.95% of the Zambezi Ordinary Shares in issue
ZPLP	Zambezi Preference Share, trading under JSE preference share code: ZPLP

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ADMINISTRATION AND CONTACT INFORMATION

Zambezi Platinum (RF) Limited

Incorporated in the Republic of South Africa
Registration number 2014/106927/06
Previously listed JSE preference share code: ZPLP
ISIN code: ZAE000202552

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Zambezi
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