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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Northam Platinum Limited

Report on the audit of the consolidated and separate financial statements for the year ended 30 June 2017

Opinion

We have audited the consolidated and separate financial statements of Northam Platinum Limited and its subsidiaries (the group) set out on pages 177 to 278, which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and the company as at 30 June 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 consolidated and separate financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing audits of Northam Platinum Limited and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Northam Platinum Limited and its subsidiaries. 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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A full list of directors is available on the website.
Chief executive: Ajen Sita

The key audit matters apply equally to the audit of the consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial assets From the platinum group metal basket it was the main metal, platinum, that has been under continued pricing pressure (US denominated) during the current year; and the rand price for platinum declined during the year from already low levels in the prior year. The platinum sector has also experienced rising costs in most aspects of the business, consistent with the prior year. As a result there is continuous focus on the appropriateness of the assumptions used in life of mine planning. The group determines the recoverable amount of non-financial assets at the higher of fair value less cost of disposal and value in use as follows: - Reserves included in the life of mine plan, a discounted cash flow model approach is used; - In-situ resources, not included in the life of mine plan, using the comparable transaction approach and listed entity market capitalisation per platinum ounce for early stage platinum companies. As detailed in note 2.1 and 2.4 of the notes to the financial statements the assessment of the group's life of mine plans and any related impairment to the carrying value of mining assets requires significant estimation by management on key assumptions, which include future metal prices, exchange rates, ore reserves and production volumes, production cost, capital expenditure, inflation rates and discount rates. The assessment of the recoverable amount of the cash generating unit (CGU) required significant audit effort in the current year as it involves the evaluation of significant judgements about future mine planning, capital expenditure and costs of mining for the CGU as well as various other assumptions that impact future cash flow forecasts.	Our audit procedures included critically assessing management's assumptions used in their life of mine plans, including challenging those assumptions by comparing them to historical data and applicable data available in the market to consider whether the assumptions fell within an acceptable range. In challenging these assumptions we paid particular attention to the discount rate, future metal prices, future exchange rates and expected inflation by involving our internal valuation specialists to the extent necessary. We assessed the historical accuracy of management's forecasts, particularly on costs, capital expenditure, and production achievements and compared current performance to forecasts. We critically evaluated future assumptions around production, resultant revenue, capital expenditure and cost forecasts. We also tested the mathematical accuracy of the models. We challenged management's sensitivity assessments and performed our own sensitivity calculations in respect of the key assumptions. We also considered the disclosures made by management on the key assumptions.
Physical quantities of inventory As discussed in note 2.11 in the notes to the financial statements the group and company account for the four main platinum group metals, being platinum, palladium, rhodium and gold (4E) as joint products inventory. Metal inventory is held in a wide variety of forms across the mining and refining processes, and is only physically separated at the very end of the refining process. Therefore physical quantities of metal inventory are determined by: - sampling and assays of the material in process; - the historical head grade achieved per mine; - various recovery factors at different stages in the process; and - determination of the split of metals in such material. The volume of material can vary quite significantly in different measuring points in the pipeline and the impact of head grade changes can be material and as such the quantum of metal inventory requires a significant amount of estimation and management judgement in its determination. As a result, this was a key area of audit focus in the current year, particularly also as a build-up of inventory occurred during the year in anticipation of the commissioning of the new furnace.	Our audit procedures included attendance at year-end physical inventory counts to observe how management and the specialists involved quantified the material. We considered the competence of the metallurgists and surveyors, the results of their reports, and sought to understand and corroborate the reasons for significant or unusual movements in inventory quantities. We also considered the various conversion factors to estimate material measured to contained metal in relation to historical achievements and our experience with the entity.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Other information

The directors are responsible for the other information. The other information comprises the information included in the integrated report, which includes the directors' report, the chairman of the audit and risk committee's letter and the company secretary's certificate as required by the Companies Act of South Africa which we obtained prior to the date of this report, and the integrated report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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 consolidated 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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's 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 consolidated 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated 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 to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated 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 04 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firm, has been the auditor of Northam Platinum Limited for 33 years.

Ernst & Young Inc.
 Director: Mike Herbst
 Chartered accountant (SA)
 Registered auditor
 102 Rivonia Road, Sandton,
 Johannesburg, South Africa
 24 August 2017