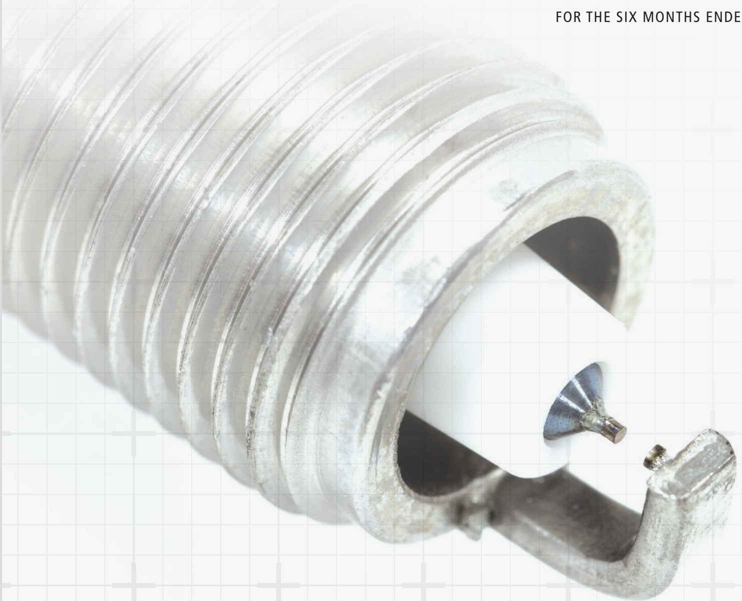
NORTHAM
PLATINUM LIMITED

2019

CONDENSED REVIEWED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018



smart platinum mining

KEY FEATURES

Record operating profit for an interim period of **R1.0 billion**

Normalised headline earnings of **108.5 cents** per share, **up 192.5%**

Solid operating performance, with unit cash cost per Pt/oz **up 5.5%**

NORTHAM
PLATINUM LIMITED

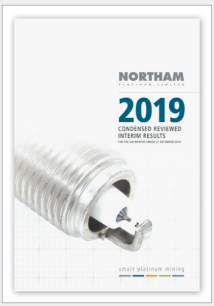
KEY FEATURES

Commendable safety performance

Net debt of **R2.9 billion**

Destocking commenced with a release of **30 000 oz** net, with excess inventory at a cost of **R1.9 billion**

Execution of growth strategy well advanced, with **R1.5 billion** spent on capex during the current period



Scan the QR bar code with your smart device to download the Northam condensed reviewed interim results.

Alternatively go to the Northam website.

ABOUT THE COVER

A platinum spark plug with iridium electrode for an internal combustion engine.

Directors

KB Mosehla
(non-executive chairman)

R Havenstein
(lead independent director)

PA Dunne
(chief executive officer)#

AH Coetzee
(chief financial officer)

DH Brown*
CK Chabedi*
HH Hickey*
Dr NY Jekwa*
MH Jonas*
TE Kgosi*
TI Mvusi*
JJ Nel*
JG Smithies#*

British
* *Independent non-executive director*

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NORTHAM
PLATINUM LIMITED

WHO WE ARE

Northam Platinum Limited (Northam) is a fully empowered platinum group metal (PGM) producer. Northam's existing core business assets are the Zondereinde and Booysendal mines, and its primary products are the three main PGMs – platinum, palladium, rhodium – and gold.

The primary consumers of these PGMs are the motor-manufacturing and jewellery industries. Other industrial uses range from chemical and electrical applications to glass manufacture. PGMs are traded on international markets where the metal prices are determined by global supply and demand, and are US dollar-denominated. Northam has no influence on the sales price of its metal and is essentially a price taker. The metal is sold in sponge or ingot form to customers in the US, Europe and Asia.

FTSE4Good

Northam's shares are listed on the JSE. Its equity share code is NHM and its debt instruments are listed under the symbol NHMI. Northam's shareholders are predominantly South African institutions who hold the majority of the equity.

Northam Platinum has been independently assessed according to the FTSE4Good criteria, and is a constituent of the FTSE4Good Index Series and the FTSE/JSE Responsible Investment Index.

Historically disadvantaged South African (HDSA) ownership levels in the company are pegged at 31.4% following the conclusion of an innovative billion black economic empowerment (BEE) transaction in March 2015. In terms of the transaction, Northam issued 22.0% of its issued share capital to a special purpose BEE vehicle known as Zambezi Platinum (RF) Limited (Zambezi). These shares were supplemented by additional shares (equivalent to 9.4% of Northam's issued share capital) being sold to Zambezi Platinum by the Public Investment Corporation SOC Limited (PIC), a longstanding Northam shareholder.

Zambezi Platinum comprises a range of HDSA stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Zambezi Platinum financed the acquisition of shares in Northam through a preference share arrangement, with the shares being listed on the JSE Limited (JSE) in May 2015.

THE GROUP AT A GLANCE

NORTHAM ZONDEREINDE

ZONDEREINDE – MINING OPERATIONS

350 000 4E oz
Wholly owned

The Zondereinde mine is an established, conventional, long life operation which mines UG2 and Merensky ore. The mine is located on the northern end of the western limb of the Bushveld Complex near the town of Thabazimbi

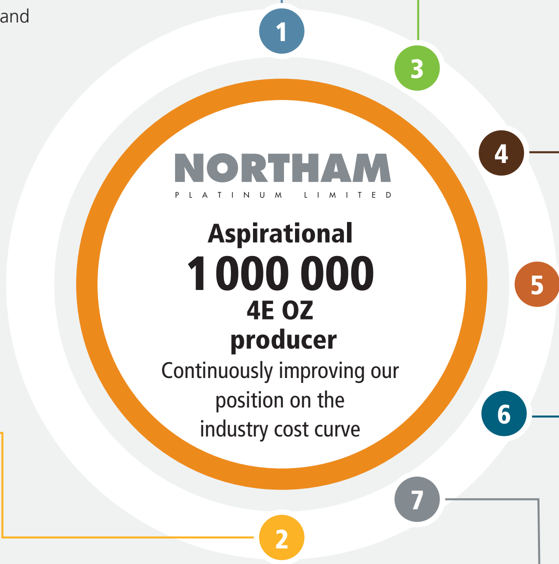
The recently-acquired Western extension provides access to additional higher grade Merensky and UG2 reef and extends the life of mine to beyond 30 years

Deepening project on track at Zondereinde

Further brownfields expansion possible

Toro Employee Empowerment Trust (4% of after-tax profit for Zondereinde employees)

Mineral reserve: **13.8Moz**
Mineral resource: **105.0Moz**



NORTHAM PROCESSING

ZONDEREINDE – METALLURGICAL OPERATIONS

Wholly owned

Northam's activities are integrated from the underground mining function, through to concentrating, smelting and base metal recovery

Includes chrome concentrator plants

35MW smelter complex after the commissioning of the new 20MW furnace

By-product metals, copper and nickel sulphate, are extracted at the on-site base metal removal plant and sold in the domestic market

Toll refining through a long-term agreement with Heraeus Deutschland GmbH & Co. KG (Heraeus*)

Up to 40% of all metal is supplied to Heraeus

**Heraeus is a registered member of the London Platinum and Palladium Market and has London-Zürich 'Good Delivery' status for metal production. The refinery in Hanau is subject to strict European Union and materials handling protocols. Product transportation is also strictly defined by international aviation regulations.*

Underpinned by a 31.4% empowerment holding

THE GROUP AT A GLANCE continued

BOOYSENDAL – MINING OPERATIONS

500 000 4E oz (Booysendal North mine and South mine at steady state)
Wholly owned

The shallower, mechanised, room and pillar Booysendal UG2 North mine is located near the town of Mashishing on the eastern limb of the Bushveld Complex

Booysendal North mine has a life of mine of some 25 years

This extensive orebody lends itself to brownfields expansion opportunities, which are currently being established, including the deepening project at the existing UG2 North mine, and the Booysendal Merensky North mine

Booysendal South development well advanced
Further greenfields and brownfields expansion possible

Mineral reserve: **13.9Moz**; mineral resource: **104.9Moz**

ELAND – MINING OPERATIONS

Potential to mine up to **150 000 4E oz**
Wholly owned
Tailings retreatment and recommissioning of processing operations taking place

Mineral reserve: **0.5Moz**; mineral resource: **19.3Moz**

US RECYCLING OPERATIONS

Potential to recycle up to **50 000 4E oz**
Wholly owned

Currently on care and maintenance
Converters being decanned for sampling purposes on a trial basis; preparation for commercial activity

DWAALKOP JOINT VENTURE

50% interest in the Dwaalkop joint venture with Lonmin plc

Northam's attributable resources **8.9Moz**

SSG HOLDINGS PROPRIETARY LIMITED

30% interest in SSG Holdings Proprietary Limited, a company providing security and facility services to the group

through Zambezi Platinum (RF) Limited

RISKS AND MITIGATING ACTIONS

Northam's risk management philosophy is underpinned by:

- the group's ability to identify risk which may hamper its performance
- the group's ability to tolerate and accept a certain amount of risk in order to achieve its strategic goals
- the development of a risk register and the attachment of weightings and significance to the identified risks
- constant evaluation and re-rating of identified risks

The table below constitutes a discussion of some of the most significant risks facing the group, along with the actions taken in mitigation thereof.

A more comprehensive exposition of the group's risks is available in the 2018 annual integrated report, available at www.northam.co.za/investors-and-media/publications/annual-reports

Identified risk	Mitigating actions
Social licence to operate	Northam's operations conduct proactive stakeholder engagement programmes. Community development and value share, environmental responsibility and custodianship and ethical practices, amongst others, are critical elements of the group's business. Without paying due attention to any one of these elements, the group would be subjecting itself to reputational risk, affecting its rating both as an employer and an investment opportunity. South African mining legislation demands compliance with various industry guidelines and programmes, including the Mining Charter, and its associated social and labour plans.
Exchange rate and commodity price volatility	The group is essentially a price taker. Revenues, earnings and profitability are affected by prevailing exchange rates and commodity prices, which are subject to a plethora of global economic factors. In order to manage the group's financial performance and to protect it against this volatility, the group has secured adequate funding to support operations. A pricing committee is in place to monitor and deal with price forecasts. Projected exchange rates and metal prices are included in monthly cash flow forecasts. The group's strategic and operational adaptability is underpinned by a strong and sustained focus on cost control.
Execution of growth projects and the development of new operations	The group has a track record of delivering major growth projects within budget and on time. Project teams are experienced and competent. A comprehensive project approval process is in place and governs every stage, from approval to commissioning, and includes future scenario planning. This ensures that material risks are comprehensively assessed and, where possible, mitigated before the project proceeds to its next phase. Cost control is the key to successful project development and execution.

RISKS AND MITIGATING ACTIONS continued

Identified risk	Mitigating actions
Risk associated with accountability for health and safety	Given the inherent risk and hazards associated with mining activities, management is committed to ensuring compliance with health and safety legislation and regulations. Over and above the statutory requirements, Northam recognises that overall health awareness and management could result in significant lifestyle improvements, and offers peer education campaigns amongst employees and local communities. The group has, since inception, sought to employ technologies which promote safer working conditions and practices. Hydropowered mining equipment employed underground at Zondereinde has virtually eradicated the presence of harmful dust, while the associated water usage has a cooling effect on ambient temperatures. The group's growth strategy is based on developing shallower, mechanisable orebodies, to reduce human interaction with potentially dangerous equipment and exposure to the inherent hazards of labour-intensive mining operations.
Cyber risk, or the risk of any reputational damage and or financial loss to an organisation which is occasioned by a failure or permeability of its information technology systems and network.	The group has implemented a SAP system, supported by a security policy and procedures, which includes firewalls with built-in security alerts, disaster recovery and back-up plans. Continuous improvements contribute to a safer and more effective information management system.
Access to water in water stressed environment	Large volumes of water are used in mining and processing of minerals. Northam's two producing mines use both industrial and potable water, and optimise water usage in their re-use and recycling processes. The vital role water plays is highlighted in regular water awareness campaigns. Northam considers the risks and opportunities relating to water use, including the financial implications, in its voluntary annual submission to the Carbon Disclosure Project (CDP), which may be found at www.cdp.net
Sustainable supply of power (cost and accessibility)	Northam's long-term energy strategy is based on energy efficiency rather than energy reduction, given the group's expansion strategy and its replacement of ore reserves, which implies increasing consumption of energy. Northam obtains the bulk of its energy from Eskom, the South African national electricity supplier. Recent developments have affected the sustainability and reliability of supply, although on an operational level there are effective processes and relationships in place to manage occasional shortfalls and supply interruptions. However, if this situation continues without any meaningful improvement, it will be very difficult for Northam to replace this bulk supply of energy. Electricity is one of the key cost drivers, given the trebling of prices over the past decade.

MESSAGE FROM THE CHIEF EXECUTIVE

Northam's strategy of growth and operational diversification continues to unfold, and the focus for the foreseeable future will be on successful project execution and operational delivery. In this regard, good progress is being made at our mining and metallurgical sites. Following this expansion phase the group will be well placed to benefit from an expected rise in metal prices.

Operationally both Booysendal and Zondereinde delivered a solid performance under difficult conditions resulting in higher group metal production and good unit cost control.

With tighter emissions control legislation, PGM market fundamentals, particularly for palladium and rhodium, are looking a lot stronger than in the recent past. This is also likely to have implications for platinum. Rhodium is the most effective metal for the control of nitrogen oxides (NOx). If current usage patterns for these metals continue, the expected supply deficits are likely to result in positive price movements.

Safety

Booysendal continued with its exemplary safety record, where only two lost time injuries were recorded during the half year. Regrettably, there was a fatality at Zondereinde on 25 October 2018. Mr Stepher van Niekerk, a project site manager, died after being injured in a surface construction accident at the concentrator dewatering plant. We extend our heartfelt condolences to Mr van Niekerk's family and friends.

Strategic progress

Our intention is to position the company to remain profitable through PGM market cycles. Our results for the period under review show that this objective is being achieved with a sustained focus on cost control. Both Booysendal and Zondereinde's unit costs were well managed. I am confident that, as we complete our new projects, our position at the low end of the cost curve will be further entrenched.

Construction of the Booysendal South mining complex continues apace. Key milestones include the commissioning of the aerial rope conveyor system and re-commissioning the PGM circuit at the South concentrator. Underground development of the BS1 and BS2 mining modules is on schedule.

At Zondereinde, ore reserve development in the western extension is making good progress with the first reef raises having holed. The first full raise line over ten levels is expected to be complete by the end of this financial year. Stoping will commence in April.

At Eland, the concentrator is being refurbished. Mining of the tailings dam will start in March, along with the recovery of chrome. Recovery of PGMs is due to start in May. Trial mining at the Kukama shaft is due to begin at the end of F2019. In addition, other opportunities including the treatment of third party ore are being pursued.

The US recycling assets acquired last year, now known as Northam Recovery Services, have been refurbished. This business is currently involved in sourcing, processing and sampling salvaged catalytic converters, on a trial basis, from a select group of suppliers. The PGM bearing material from these recycled convertors will be processed at the Zondereinde metallurgical facilities. Once this trial process is bedded down, Recovery Services will be in a position to start commercial operations in a very important segment of the PGM market.

Our confidence in our ability to deliver our projects on time and on budget is now high. We have done most of the heavy lifting from both a technical and a balance sheet perspective.

During our extensive capital expansion programme we have remained aware of the need to ensure that our balance sheet remains appropriately structured so that we are not overextended. Our equity and debt facilities have been used judiciously, ensuring that our project development has been carried out without undue stress.

Environment

We are conscious of increasing international and local concerns about various environmental threats arising from mining. Our operational and environmental management programmes place a great deal of emphasis on water and energy efficiency as well as the protection and management of biodiversity around our operations to ensure a balance between economic activity and the sustainability of natural resources.

Industrial relations

Relations with our employees remain sound and, in October, we reached a three-year wages and benefits agreement with the National Union of Mineworkers, the representative union at Zondereinde. It will be followed by wage negotiations at Booysendal during the second half of our financial year. I am confident that these negotiations will be conducted in the same constructive manner as those at Zondereinde, and will contribute to continued stability across the Northam group.

Executive changes

In November, we bade goodbye to Ayanda Khumalo after eight years' service with Northam, and welcomed our colleague Alet Coetzee as CFO. Alet is a natural successor to the CFO position, having a long-standing relationship with Northam, both as a senior member of the audit team at EY before joining Northam, and as Northam's group financial controller for the past three years.

In addition, we welcome as non-executive directors Mcebisi Jonas and Jean Nel who were appointed at the AGM in November last year. We are confident that they will strengthen an already diverse and experienced board.

In line with our growth and broadening business we have also strengthened our executive team with the appointment of Nelson Ndlala as Mining Executive West, responsible for Zondereinde and Eland and Willie Theron, as Mining Executive East, responsible for Booysendal North and Booysendal South.

Conclusion

To conclude, our current operations are performing well and are expected to deliver a solid performance for the full year. Our development projects are on track and will deliver additional ounces later this calendar year. I am confident that the strategy we embarked on five years ago will position the group very favourably on the industry cost curve and deliver increased production into a stronger price environment in the next few years.

I extend my appreciation to all my colleagues throughout the organisation for their dedication and hard work which is essential to realising our growth ambitions.

Paul Dunne
Chief executive
19 February 2019

FIVE-YEAR PERFORMANCE HIGHLIGHTS

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Safety performance					
Lost time injury incident rate (LTIIR) per 200 000 hours worked		0.91	1.01	9.9	1.00
Number of fatalities		1	1	–	2
Operational performance					
Square metres mined	m^2	344 098	332 732	3.4	637 764
Tonnes mined	t	2 597 855	2 429 097	6.9	4 783 068
Tonnes milled	t	2 371 060	2 296 466	3.2	4 601 876
Equivalent refined metal from own operations	4E oz	256 461	246 473	4.1	483 941
Equivalent refined metal from external parties	4E oz	7 962	29 770	(73.3)	91 111
Total refined metal produced	4E oz	299 323	212 133	41.1	473 086
Chrome concentrate produced	t	368 288	311 082	18.4	650 091
Cash cost per equivalent refined Pt oz	R/oz	22 007	20 851	(5.5)	21 270
Cash profit per equivalent refined Pt oz	R/oz	5 517	5 665	(2.6)	4 833
Cash margin per equivalent refined Pt oz	%	20.0	21.4	(6.5)	18.5
Sales statistics					
Sales revenue	R000	4 982 761	3 353 270	48.6	7 552 181
Total metal sold	4E oz	294 823	209 861	40.5	472 884
Revenue per Pt oz	R/oz	27 524	26 516	3.8	26 103
Financial performance					
Normalised headline earnings per share (headline earnings adjusted for the impact of the BEE transaction)					
Headline loss:	R000	(66 644)	(279 834)	76.2	(701 610)
Add back:					
Amortisation of liquidity fees paid on preference shares	R000	8 195	8 195	–	16 390
Preference share dividends	R000	611 761	460 762	32.8	1 106 684
Loss on derecognition of preference share liability	R000	–	–	–	8
Normalised headline earnings	R000	553 312	189 123	192.6	421 472
Normalised headline earnings per share (cents)		108.5	37.1	192.5	82.7
Number of shares in issue including treasury shares		509 781 212	509 781 212	–	509 781 212
Operating profit	R000	1 030 780	338 773	204.3	823 314
Operating profit margin	%	20.7	10.1	105.0	10.9
EBITDA	R000	1 124 540	532 795	111.1	1 107 770
EBITDA margin	%	22.6	15.9	42.1	14.7
Capital expenditure	R000	1 544 087	2 551 644	(39.5)	3 777 644
Market information and share statistics					
Total number of shares in issue		509 781 212	509 781 212	–	509 781 212
Weighted average number of shares in issue		349 875 759	349 875 759	–	349 875 759
Treasury shares held		159 905 453	159 905 453	–	159 905 453
Market capitalisation	R000	22 053 135	26 646 264	(17.2)	18 698 775
Closing share price (in cents)		4 326	5 227	(17.2)	3 668
Highest share price traded (in cents)		4 400	5 490	(19.9)	6 020
Lowest share price traded (in cents)		3 262	3 627	(10.1)	3 165
Number of shares traded		109 757 224	110 362 256	(0.5)	220 331 693
Value of transactions traded	R000	4 331 569	5 149 007	(15.9)	9 517 061

FIVE-YEAR PERFORMANCE HIGHLIGHTS

continued

		6 months ended 31 December 2016	6 months ended 31 December 2015	6 months ended 31 December 2014
Safety performance				
Lost time injury incident rate (LTIIR) per 200 000 hours worked		1.20	1.42	1.05
Number of fatalities		–	–	–
Operational performance				
Square metres mined	m^2	310 446	272 972	248 019
Tonnes mined	t	2 448 303	2 172 795	1 859 839
Tonnes milled	t	2 215 533	2 038 343	1 917 375
Equivalent refined metal from own operations	4E oz	235 375	225 730	199 945
Equivalent refined metal from external parties	4E oz	14 179	18 776	19 998
Total refined metal produced	4E oz	234 185	247 399	214 123
Chrome concentrate produced	t	281 949	266 265	182 167
Cash cost per equivalent refined Pt oz	R/oz	19 440	17 756	17 450
Cash profit per equivalent refined Pt oz	R/oz	6 280	3 838	6 688
Cash margin per equivalent refined Pt oz	%	24.4	17.8	27.7
Sales statistics				
Sales revenue	R000	3 458 827	3 205 558	3 040 539
Total metal sold	4E oz	223 705	248 075	207 951
Revenue per Pt oz	R/oz	25 720	21 594	24 138
Financial performance				
Normalised headline earnings per share (headline earnings adjusted for the impact of the BEE transaction)				
Headline loss:	R000	(226 369)	(231 921)	355 253
Add back:				
Amortisation of liquidity fees paid on preference shares	R000	8 195	8 527	–
Preference share dividends	R000	482 753	430 414	–
Loss on derecognition of preference share liability	R000	902	–	–
Normalised headline earnings	R000	265 481	207 020	355 253
Normalised headline earnings per share (cents)		52.1	40.6	89.4
Number of shares in issue including treasury shares		509 781 212	509 781 212	397 586 090
Operating profit	R000	351 956	93 405	399 020
Operating profit margin	%	10.2	2.9	13.1
EBITDA	R000	539 354	342 659	769 536
EBITDA margin	%	15.6	10.7	25.3
Capital expenditure	R000	772 950	483 986	335 406
Market information and share statistics				
Total number of shares in issue		509 781 212	509 781 212	397 586 090
Weighted average number of shares in issue		349 875 759	349 875 759	397 586 090
Treasury shares held		159 905 453	159 905 453	–
Market capitalisation	R000	20 646 139	13 453 126	14 591 410
Closing share price (in cents)		4 050	2 639	3 670
Highest share price traded (in cents)		5 600	4 284	4 741
Lowest share price traded (in cents)		3 593	1 610	3 096
Number of shares traded		106 973 471	142 255 143	151 665 776
Value of transactions traded	R000	5 115 570	4 433 524	5 543 247

GROUP PERFORMANCE

	6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
	R000	R000	%	R000
Sales revenue				
Platinum	2 107 108	1 588 452	32.7	3 466 598
Palladium	1 351 288	788 906	71.3	1 723 269
Rhodium	703 689	312 876	124.9	814 506
Gold	76 224	46 843	62.7	110 050
Iridium	163 944	90 970	80.2	182 978
Ruthenium	116 297	36 483	218.8	116 580
Silver	1 015	784	29.5	1 650
Nickel	125 427	91 314	37.4	257 760
Copper	38 098	24 526	55.3	65 547
Cobalt	5 903	3 942	49.7	10 691
Chrome	293 768	368 174	(20.2)	802 552
	4 982 761	3 353 270	48.6	7 552 181
Cost of sales				
Operating costs	(3 543 074)	(3 129 727)	(13.2)	(6 318 000)
Mining operations	(2 610 767)	(2 386 491)	(9.4)	(4 792 698)
Concentrator operations	(417 060)	(346 975)	(20.2)	(707 322)
Smelting and base metal removal plant costs	(286 161)	(178 227)	(60.6)	(417 828)
Chrome processing	(25 135)	(19 172)	(31.1)	(75 065)
Selling and administration overheads	(102 674)	(83 584)	(22.8)	(188 742)
Royalty charges	(23 333)	(15 554)	(50.0)	(26 914)
Share-based payment expenses and profit share scheme	(77 944)	(99 724)	21.8	(107 344)
Rehabilitation	–	–	–	(2 087)
Concentrates purchased	(94 062)	(430 052)	78.1	(1 410 506)
Refining including sampling and handling charges	(71 902)	(56 563)	(27.1)	(123 840)
Depreciation and write-offs	(251 762)	(218 117)	(15.4)	(441 865)
Change in metal inventories	8 819	819 962	98.9	1 565 344
	(3 951 981)	(3 014 497)	(31.1)	(6 728 867)
Operating profit	1 030 780	338 773	204.3	823 314
Operating margin	20.7%	10.1%	105.0	10.9%
EBITDA*	1 124 540	532 795	111.1	1 107 770
EBITDA margin*	22.6%	15.9%	42.1	14.7%

* Earnings before interest, tax, depreciation and amortisation

GROUP PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Safety					
Fatal injury incidence rate (FIIR)*		0.02	0.02	–	0.02
Total injury incidence rate (TIIR)*		1.48	1.99	25.6	1.98
Lost time injury incidence rate (LTIIR)*		0.91	1.01	9.9	1.00
Reportable injury incidence rate (RIIR)*		0.60	0.67	10.4	0.66
Number of fatalities		1	1	–	2
Health					
New cases of noise induced hearing loss		6	24	75.0	68
New cases of tuberculosis		34	31	(9.7)	61
Voluntary counselling and testing encounters		3 321	2 630	26.3	3 342
Employment and human rights					
Average number of employees		13 936	12 969	7.5	13 151
Directly employed		8 475	6 547	29.4	8 260
Total employed		13 981	13 058	7.1	13 258
Turnover rate	%	4	4	–	6
HDSAs in management	%	56	59	(5.1)	56
Women at mining	%	13	12	8.3	13
Water usage (000m^3)					
Potable water from external sources		2 030	1 703	(19.2)	3 448
Fissure water used		679	176	(285.8)	273
Borehole water used		27	29	6.9	40
Water recycled in process		12 744	12 784	(0.3)	28 577
Water recycled	%	82	87	(5.7)	88
Electricity consumption (MWh)					
Energy from electricity purchased by shafts		299 852	291 319	(2.9)	592 488
Energy from electricity purchased by plant		181 065	134 034	(35.1)	298 958
Total electricity purchased		480 917	425 353	(13.1)	891 446
Greenhouse gas emissions (CO_2e tonnes)					
Scope 1 (direct) emissions		21 496	18 764	(14.6)	41 242
Scope 2 (indirect) emissions		476 109	421 100	(13.1)	882 531
Scope 3 (indirect) emissions		152	176	13.6	228
Total emissions		497 757	440 040	(13.1)	924 001
Land use (hectares)					
Land disturbed by mining related activities		1 118	1 118	–	1 118
Land leased for farming purposes		1 441	1 441	–	1 441
Land protected for conservation		3 514	3 514	–	3 514
Total land under management (freehold)		14 391	14 391	–	14 391

* per 200 000 hours worked

GROUP PERFORMANCE
continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	R000
Merensky production and ore stockpiles					
Square metres mined	m^2	102 621	95 617	7.3	190 764
Tonnes mined	t	735 106	617 942	19.0	1 285 094
Tonnes milled	t	590 765	516 330	14.4	1 197 466
Stockpile	t	21 624	160 743	86.5	34 762
UG2 production and ore stockpiles					
Square metres mined	m^2	241 477	237 115	1.8	447 000
Tonnes mined	t	1 862 749	1 811 155	2.8	3 497 974
Tonnes milled	t	1 780 295	1 780 136	0.0	3 404 410
Stockpile	t	290 969	174 082	(67.1)	230 631
Combined production and ore stockpiles					
Square metres mined	m^2	344 098	332 732	3.4	637 764
Tonnes mined	t	2 597 855	2 429 097	6.9	4 783 068
Tonnes milled	t	2 371 060	2 296 466	3.2	4 601 876
Stockpile	t	312 593	334 825	6.6	265 393
Chrome concentrate produced	t	368 288	311 082	18.4	650 091
Equivalent refined metal from own operations					
Platinum	oz	155 595	148 851	4.5	293 323
Palladium	oz	73 918	72 225	2.3	140 499
Rhodium	oz	23 560	22 927	2.8	43 361
Gold	oz	3 388	2 470	37.2	6 758
4E	oz	256 461	246 473	4.1	483 941
Iridium	oz	8 345	8 400	(0.7)	15 753
Ruthenium	oz	35 337	36 534	(3.3)	72 149
6E	oz	300 143	291 407	3.0	571 843
Equivalent refined metal from external parties					
Platinum	oz	4 598	18 507	(75.2)	58 074
Palladium	oz	2 486	8 169	(69.6)	23 955
Rhodium	oz	856	2 522	(66.1)	7 138
Gold	oz	22	572	(96.2)	1 944
4E	oz	7 962	29 770	(73.3)	91 111
Iridium	oz	265	996	(73.4)	2 821
Ruthenium	oz	1 519	4 229	(64.1)	11 630
6E	oz	9 746	34 995	(72.2)	105 562

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Total refined metal produced					
Platinum	oz	180 905	127 999	41.3	289 962
Palladium	oz	87 815	62 668	40.1	137 882
Rhodium	oz	26 284	18 694	40.6	38 609
Gold	oz	4 319	2 772	55.8	6 633
4E	oz	299 323	212 133	41.1	473 086
Iridium	oz	8 533	7 127	19.7	13 956
Ruthenium	oz	34 191	32 854	4.1	62 458
6E	oz	342 047	252 114	35.7	549 500
Total metal sold					
Platinum	oz	181 036	126 461	43.2	289 327
Palladium	oz	89 066	62 019	43.6	137 584
Rhodium	oz	20 329	18 640	9.1	39 335
Gold	oz	4 392	2 741	60.2	6 638
4E	oz	294 823	209 861	40.5	472 884
Iridium	oz	8 051	7 087	13.6	13 929
Ruthenium	oz	32 088	32 917	(2.5)	62 695
6E	oz	334 962	249 865	34.1	549 508
Nickel	t	819	655	25.0	1 569
Copper	t	462	276	67.4	757
Chrome concentrate	t	368 288	311 082	18.4	650 091
Average market prices achieved and sales statistics					
Platinum	USD/oz	820	937	(12.5)	934
Palladium	USD/oz	1 071	948	13.0	976
Rhodium	USD/oz	2 427	1 240	95.7	1 618
Gold	USD/oz	1 222	1 280	(4.5)	1 296
4E basket price	USD/oz	1 013	972	4.2	1 008
Iridium	USD/oz	1 432	956	49.8	1 014
Ruthenium	USD/oz	255	78	226.9	144
6E basket price	USD/oz	950	853	11.4	910
Average exchange rate	R/USD	14.19	13.43	5.7	12.82
Closing exchange rate	R/USD	14.36	12.37	16.1	13.73
Average nickel market price achieved	USD/t	10 793	10 381	4.0	12 811
Average copper market price achieved	USD/t	5 811	6 617	(12.2)	6 756
Average chrome price achieved#	USD/t	56	89	(37.1)	96
Average chrome price achieved#	R/t	798	1 184	(32.6)	1 235
Total revenue per Pt oz sold*	R/oz	27 524	26 516	3.8	26 103
Total revenue per 4E oz sold*	R/oz	16 901	15 979	5.8	15 970
Total revenue per 6E oz sold*	R/oz	14 876	13 420	10.8	13 744

* Total revenue per oz sold takes into account all sales revenue divided by total metal sold
\# The average chrome price achieved is net of costs

GROUP PERFORMANCE
continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Cash costs statistics					
On mine cash cost per tonne mined	R/t	1 166	1 125	(3.6)	1 150
On mine cash cost per tonne milled	R/t	1 277	1 190	(7.3)	1 195
Cash cost per equivalent refined Pt oz#	R/oz	22 007	20 851	(5.5)	21 270
Cash cost per equivalent refined 4E oz#	R/oz	13 345	12 591	(6.0)	12 909
Cash cost per equivalent refined 6E oz#	R/oz	11 435	10 643	(7.4)	10 947
Cash profit and margin					
Cash profit per equivalent refined Pt oz	R/oz	5 517	5 665	(2.6)	4 833
Cash margin per equivalent refined Pt oz	%	20.0	21.4	(6.5)	18.5
Cash profit per equivalent refined 4E oz	R/oz	3 556	3 388	5.0	3 061
Cash margin per equivalent refined 4E oz	%	21.0	21.2	(0.9)	19.2
Cash profit per equivalent refined 6E oz	R/oz	3 441	2 777	23.9	2 797
Cash margin per equivalent refined 6E oz	%	23.1	20.7	11.6	20.4
Capital incurred					
Expansionary capex	R000	1 482 181	2 432 716	(39.1)	3 392 035
Sustaining capex	R000	61 906	118 928	(47.9)	385 609
	R000	1 544 087	2 551 644	(39.5)	3 777 644
Sustaining capex per equivalent refined Pt oz from own operations	R/oz	398	799	(50.2)	1 315
Expansionary capex					
Zondereinde	R000	360 762	1 348 405	(73.2)	1 583 771
Contribution received for capital assets	R000	–	(303 106)	(100.0)	(303 106)
Booysendal North	R000	111 901	191 981	(41.7)	326 145
Booysendal South*	R000	877 282	940 010	(6.7)	1 490 948
Eland	R000	132 236	190 759	(30.7)	–
Other including intercompany eliminations	R000	–	64 667	(100.0)	294 277
	R000	1 482 181	2 432 716	(39.1)	3 392 035
Sustaining capex					
Zondereinde	R000	25 285	93 706	(73.0)	249 467
Booysendal North	R000	36 621	25 222	45.2	136 142
	R000	61 906	118 928	(47.9)	385 609

Cash cost per unit is calculated using the mining costs (mining and concentrator costs) divided by the equivalent refined metal quantities produced from own operations plus smelting, refining and selling and administration overhead costs divided by total refined metal quantities produced

* Expansionary capex does not include prepayments relating to the rope conveyance for ore transportation, amounting to R36.1 million (30 June 2018: R89.6 million and 31 Dec 2017: R140.2 million)

ZONDEREINDE PERFORMANCE

	6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
	R000	R000	%	R000
Sales revenue				
Platinum	2 107 108	1 588 452	32.7	3 466 598
Palladium	1 351 288	788 906	71.3	1 723 269
Rhodium	703 689	312 876	124.9	814 506
Gold	76 224	46 843	62.7	110 050
Iridium	163 944	90 970	80.2	182 978
Ruthenium	116 297	36 483	218.8	116 580
Silver	1 015	784	29.5	1 650
Nickel	125 427	91 314	37.4	257 760
Copper	38 098	24 526	55.3	65 547
Cobalt	5 903	3 942	49.7	10 691
Chrome	130 805	165 940	(21.2)	393 264
	4 819 798	3 151 036	53.0	7 142 893
Cost of sales				
Operating costs	(2 431 456)	(2 125 616)	(14.4)	(4 240 251)
Mining operations	(1 795 460)	(1 621 033)	(10.8)	(3 254 293)
Concentrator operations	(195 215)	(174 149)	(12.1)	(353 861)
Smelting and base metal removal plant costs	(286 161)	(178 227)	(60.6)	(417 828)
Chrome processing	(8 135)	(12 600)	35.4	(21 344)
Selling and administration overheads	(59 962)	(56 792)	(5.6)	(106 331)
Royalty charges	(14 715)	(8 624)	(70.6)	(12 119)
Share-based payment expenses and profit share scheme	(71 808)	(74 191)	3.2	(76 980)
Rehabilitation	–	–	–	2 505
Concentrates purchased	(1 704 598)	(1 613 811)	(5.6)	(3 963 939)
Refining including sampling and handling charges	(71 902)	(56 563)	(27.1)	(123 840)
Depreciation and write-offs	(84 638)	(71 823)	(17.8)	(152 041)
Change in metal inventories	(95 706)	872 370	111.0	1 692 602
	(4 388 300)	(2 995 443)	(46.5)	(6 787 469)
Operating profit	431 498	155 593	177.3	355 424
Operating margin	9.0%	4.9%	83.7	5.0%
EBITDA	422 235	225 710	87.1	527 944
EBITDA margin	8.8%	7.2%	22.2	7.4%

ZONDEREINDE PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Safety					
Fatal injury incidence rate (FIIR)*		0.02	0.02	–	0.02
Total injury incidence rate (TIIR)*		1.44	1.62	11.1	1.64
Lost time injury incidence rate (LTIIR)*		1.27	1.31	3.1	1.29
Reportable injury incidence rate (RIIR)*		0.82	0.85	3.5	0.87
Number of fatalities		1	1	–	2
Health					
New cases of noise induced hearing loss		6	23	73.9	61
New cases of tuberculosis		28	26	(7.7)	48
Voluntary counselling and testing encounters		2 694	1 790	50.5	2 502
Employment and human rights					
Average number of employees		9 219	8 774	5.1	8 950
Directly employed		6 328	6 283	0.7	6 323
Total employed		9 251	8 753	5.7	9 107
Turnover rate	%	4	3	(33.3)	7
HDSAs in management	%	60	59	1.7	57
Women at mining	%	13	11	18.2	12
Water usage (000m³)					
Potable water from external sources		1 626	1 298	(25.3)	2 765
Fissure water used		675	154	(338.3)	211
Borehole water used		16	11	(45.5)	20
Water recycled in process		11 793	12 039	(2.0)	26 703
Water recycled	%	84	89	(5.6)	90
Electricity consumption (MWh)					
Energy from electricity purchased by shafts		275 595	267 033	(3.2)	532 101
Energy from electricity purchased by plant		106 567	81 616	(30.6)	197 551
Total electricity purchased		382 162	348 649	(9.6)	729 652
Greenhouse gas emissions (CO_2e tonnes)					
Scope 1 (direct) emissions		16 341	14 310	(14.2)	32 425
Scope 2 (indirect) emissions		378 341	345 163	(9.6)	722 355
Scope 3 (indirect) emissions		110	134	17.9	228
Total emissions		394 792	359 607	(9.8)	755 008
Land use (hectares)					
Land disturbed by mining related activities		137	137	–	137
Land leased for farming purposes		1 441	1 441	–	1 441
Land protected for conservation		800	800	–	800
Total land under management (freehold)		3 271	3 271	–	3 271

* per 200 000 hours worked

ZONDEREINDE PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Merensky production and ore stockpiles					
Square metres mined	m²	75 147	76 311	(1.5)	148 552
Tonnes mined (including waste)	t	555 001	463 499	19.7	958 424
Total development tonnes reef and waste mined	t	161 798	99 438	62.7	218 985
Tonnes milled (includes fines from the thickeners)	t	400 686	378 930	5.7	739 439
Head grade (4E)	g/t	6.02	6.06	(0.7)	6.04
Head grade (6E)	g/t	6.51	6.56	(0.8)	6.53
Concentrator recoveries	%	89.7	89.8	(0.1)	90.0
Stockpile	t	204	3 711	94.5	1 780
UG2 production and ore stockpiles					
Square metres mined	m²	111 912	116 314	(3.8)	221 228
Tonnes mined	t	687 687	673 042	2.2	1 315 382
Tonnes milled	t	606 450	589 921	2.8	1 193 365
Head grade (4E)	g/t	4.28	4.15	3.1	4.27
Head grade (6E)	g/t	5.26	5.15	2.1	5.24
Concentrator recoveries	%	87.1	87.2	(0.1)	87.4
Stockpile	t	290 969	174 082	(67.1)	210 379
Combined production and ore stockpiles					
Square metres mined	m²	187 059	192 625	(2.9)	369 780
Tonnes mined	t	1 242 688	1 136 541	9.3	2 273 806
Total development tonnes reef and waste mined	t	161 798	99 438	62.7	218 985
Tonnes milled	t	1 007 136	968 851	4.0	1 932 804
Head grade (4E)	g/t	4.97	4.89	1.6	4.95
Head grade (6E)	g/t	5.75	5.65	1.8	5.73
Concentrator recoveries	%	88.4	88.5	(0.1)	88.6
Stockpile	t	291 173	177 793	(63.8)	212 159
Chrome concentrate produced	t	174 928	166 700	4.9	341 412
Equivalent refined metal from own Zondereinde operations					
Platinum	oz	93 443	92 073	1.5	181 624
Palladium	oz	44 603	44 723	(0.3)	86 940
Rhodium	oz	13 670	13 932	(1.9)	26 310
Gold	oz	2 362	1 759	34.3	4 421
4E	oz	154 078	152 487	1.0	299 295
Iridium	oz	4 299	4 758	(9.6)	9 338
Ruthenium	oz	17 750	20 510	(13.5)	40 255
6E	oz	176 127	177 755	(0.9)	348 888

ZONDEREINDE PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Equivalent refined metal from external parties					
Platinum	oz	2 689	17 325	(84.5)	55 123
Palladium	oz	1 433	7 461	(80.8)	22 265
Rhodium	oz	345	2 209	(84.4)	6 375
Gold	oz	17	566	(97.0)	1 933
4E	oz	4 484	27 561	(83.7)	85 696
Iridium	oz	123	809	(84.8)	2 304
Ruthenium	oz	503	3 449	(85.4)	9 974
6E	oz	5 110	31 819	(83.9)	97 974
Total refined metal produced					
Platinum	oz	180 905	127 999	41.3	289 962
Palladium	oz	87 815	62 668	40.1	137 882
Rhodium	oz	26 284	18 694	40.6	38 609
Gold	oz	4 319	2 772	55.8	6 633
4E	oz	299 323	212 133	41.1	473 086
Iridium	oz	8 533	7 127	19.7	13 956
Ruthenium	oz	34 191	32 854	4.1	62 458
6E	oz	342 047	252 114	35.7	549 500
Total metal sold					
Platinum	oz	181 036	126 461	43.2	289 327
Palladium	oz	89 066	62 019	43.6	137 584
Rhodium	oz	20 329	18 640	9.1	39 335
Gold	oz	4 392	2 741	60.2	6 638
4E	oz	294 823	209 861	40.5	472 884
Iridium	oz	8 051	7 087	13.6	13 929
Ruthenium	oz	32 088	32 917	(2.5)	62 695
6E	oz	334 962	249 865	34.1	549 508
Nickel	t	819	655	25.0	1 569
Copper	t	462	276	67.4	757
Chrome concentrate	t	174 928	166 700	4.9	341 412

ZONDEREINDE PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Average market prices achieved and sales statistics					
Platinum	USD/oz	820	937	(12.5)	934
Palladium	USD/oz	1 071	948	13.0	976
Rhodium	USD/oz	2 427	1 240	95.7	1 618
Gold	USD/oz	1 222	1 280	(4.5)	1 296
4E basket price	USD/oz	1 013	972	4.2	1 008
Iridium	USD/oz	1 432	956	49.8	1 014
Ruthenium	USD/oz	255	78	226.9	144
6E basket price	USD/oz	950	853	11.4	910
Average exchange rate	R/USD	14.19	13.43	5.7	12.82
Closing exchange rate	R/USD	14.36	12.37	16.1	13.73
Average nickel market price achieved	USD/t	10 793	10 381	4.0	12 811
Average copper market price achieved	USD/t	5 811	6 617	(12.2)	6 756
Average chrome price achieved#	USD/t	53	75	(29.3)	90
Average chrome price achieved#	R/t	748	995	(24.8)	1 152
Zondereinde calculated sales					
Revenue from intercompany purchased material	R000	1 806 573	1 300 010	39.0	2 807 101
Revenue from the sales of third party material	R000	70 199	517 592	(86.4)	1 350 236
Zondereinde calculated sales revenue	R000	2 943 026	1 333 434	120.7	2 985 556
Total revenue	R000	4 819 798	3 151 036	53.0	7 142 893
Total revenue per Pt oz sold	R/oz	26 623	24 917	6.8	24 688
Total revenue per 4E oz sold	R/oz	16 348	15 015	8.9	15 105
Total revenue per 6E oz sold	R/oz	14 389	12 611	14.1	12 999

The average chrome price has been determined net of costs

ZONDEREINDE PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Cash costs statistics					
On mine cash cost per tonne mined	R/t	1 602	1 580	(1.4)	1 587
On mine cash cost per tonne milled	R/t	1 977	1 853	(6.7)	1 867
Cash cost per equivalent refined Pt oz#	R/oz	23 614	21 775	(8.4)	22 101
Cash cost per equivalent refined 4E oz#	R/oz	14 316	13 147	(8.9)	13 425
Cash cost per equivalent refined 6E oz#	R/oz	12 525	11 256	(11.3)	11 521
Cash profit and margin					
Cash profit per equivalent refined Pt oz	R/oz	3 009	3 142	(4.2)	2 587
Cash margin per equivalent refined Pt oz	%	11.3	12.6	(10.3)	10.5
Cash profit per equivalent refined 4E oz	R/oz	2 032	1 868	8.8	1 680
Cash margin per equivalent refined 4E oz	%	12.4	12.4	–	11.1
Cash profit per equivalent refined 6E oz	R/oz	1 864	1 355	37.6	1 478
Cash margin per equivalent refined 6E oz	%	13.0	10.7	21.5	11.4
Capital incurred					
Expansionary capex	R000	360 762	1 348 405	(73.2)	1 583 771
Contribution received for capital assets	R000	–	(303 106)	(100.0)	(303 106)
Sustaining capex	R000	25 285	93 706	(73.0)	249 467
	R000	386 047	1 139 005	(66.1)	1 530 132
Sustaining capex per equivalent refined Pt oz from Zondereinde own operations	R/oz	271	1 018	(73.4)	1 374

Cash cost per unit is calculated using the mining costs (mining and concentrator costs) divided by the equivalent refined metal quantities produced from own operation plus smelting, refining and selling and administration overhead costs divided by total refined metal quantities produced

BOOYSENDAL PERFORMANCE

	6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
	R000	R000	%	R000
Sales revenue*				
Platinum	674 659	618 998	9.0	1 286 051
Palladium	480 126	330 641	45.2	666 754
Rhodium	338 706	162 738	108.1	399 885
Gold	17 212	10 710	60.7	37 821
Iridium	59 206	30 405	94.7	66 740
Ruthenium	56 288	24 717	127.7	69 374
Nickel	26 608	28 542	(6.8)	83 664
Copper	5 745	5 537	3.8	15 297
Chrome	162 963	202 234	(19.4)	409 288
	1 821 513	1 414 522	28.8	3 034 874
Cost of sales				
Operating costs	(1 111 618)	(1 004 111)	(10.7)	(2 077 749)
Mining operations	(815 307)	(765 458)	(6.5)	(1 538 405)
Concentrator operations	(221 845)	(172 826)	(28.4)	(353 461)
Chrome processing	(17 000)	(6 572)	(158.7)	(53 721)
Selling and administration overheads	(42 712)	(26 792)	(59.4)	(82 411)
Royalty charges	(8 618)	(6 930)	(24.4)	(14 795)
Share-based payment expenses	(6 136)	(25 533)	76.0	(30 364)
Rehabilitation	–	–	–	(4 592)
Concentrates purchased	(48 014)	(28 529)	(68.3)	(72 153)
Depreciation and write-offs	(167 991)	(147 160)	(14.2)	(291 556)
Change in metal inventories	25	(4 211)	100.6	(68 058)
Total cost of sales	(1 327 598)	(1 184 011)	(12.1)	(2 509 516)
Operating profit	493 915	230 511	114.3	525 358
Operating margin	27.1%	16.3%	66.3	17.3%
EBITDA	636 760	362 698	75.6	692 382
EBITDA margin	35.0%	25.6%	36.7	22.8%

* Zondereinde purchases all of Booysendal's concentrate, for a percentage of the fair value, except for chrome which is sold directly to a third party customer

BOOYSENDAL PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Safety					
Fatal injury incidence rate (FIIR)*		0.00	0.00	–	0.00
Total injury incidence rate (TIIR)*		1.57	2.84	44.7	2.78
Lost time injury incidence rate (LTIIR)*		0.10	0.31	67.7	0.31
Reportable injury incidence rate (RIIR)*		0.10	0.26	61.5	0.18
Number of fatalities		–	–	–	–
Health					
New cases of noise induced hearing loss		0	1	100.0	7
New cases of tuberculosis		6	5	(20.0)	13
Voluntary counselling and testing encounters		627	840	(25.4)	840
Employment and human rights					
Average number of employees (including indirect employees)		4 717	4 195	12.4	4 201
Directly employed		2 147	264	713.3	1 937
Total employed		4 730	4 305	9.9	4 151
Turnover rate	%	4	13	69.2	1
HDSAs in management	%	50	59	(15.3)	52
Women at mining	%	15	23	(34.8)	15
Water usage (000m³)					
Potable water from external sources		404	405	0.2	683
Fissure water used		4	22	81.8	62
Borehole water used		11	18	38.9	20
Water recycled in process		951	745	27.7	1 874
Water recycled	%	69	63	9.5	71
Electricity consumption (MWh)					
Energy from electricity purchased by shafts		24 257	24 286	0.1	60 387
Energy from electricity purchased by plant		74 498	52 418	(42.1)	101 407
Total electricity purchased		98 755	76 704	(28.7)	161 794
Greenhouse gas emissions (CO_2e tonnes)					
Scope 1 (direct) emissions		5 155	4 454	(15.7)	8 817
Scope 2 (indirect) emissions		97 768	75 937	(28.7)	160 176
Scope 3 (indirect) emissions		42	–	(100.0)	–
Total emissions		102 965	80 391	(28.1)	168 993
Land use (hectares)					
Land disturbed by mining related activities		982	982	–	982
Land leased for farming purposes		–	–	–	–
Land protected for conservation		2 714	2 714	–	2 714
Total land under management (freehold)		11 120	11 120	–	11 120

* per 200 000 hours worked

BOOYSENDAL PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Merensky production and ore stockpiles					
Square metres	m^2	27 474	19 306	42.3	42 212
Tonnes mined	t	180 105	154 443	16.6	326 670
Tonnes milled	t	190 079	137 400	38.3	458 027
Head grade (4E)	g/t	2.41	1.99	21.1	2.06
Head grade (6E)	g/t	2.91	2.15	35.3	2.27
Concentrator recoveries	%	88.2	88.2	–	87.4
Stockpile	t	21 420	157 032	86.4	32 982
UG2 production and ore stockpiles					
Square metres	m^2	129 565	120 801	7.3	225 772
Tonnes mined	t	1 175 062	1 138 113	3.2	2 182 592
Tonnes milled	t	1 173 845	1 190 215	(1.4)	2 211 045
Head grade (4E)	g/t	2.80	2.73	2.6	2.78
Head grade (6E)	g/t	3.39	3.24	4.6	3.31
Concentrator recoveries	%	86.8	84.9	2.2	85.8
Stockpile	t	–	–	–	20 252
Combined production and ore stockpiles					
Square metres	m^2	157 039	140 107	12.1	267 984
Tonnes mined	t	1 355 167	1 292 556	4.8	2 509 262
Tonnes milled	t	1 363 924	1 327 615	2.7	2 669 072
Head grade (4E)	g/t	2.77	2.65	4.5	2.71
Head grade (6E)	g/t	3.35	3.15	6.3	3.19
Concentrator recoveries	%	87.0	85.2	2.1	86.0
Stockpile	t	21 420	157 032	86.4	53 234
Chrome concentrate produced	t	193 360	144 382	33.9	308 679
Metal in concentrate produced from own operations and ore stockpiles					
Platinum	oz	63 914	58 387	9.5	114 865
Palladium	oz	30 147	28 282	6.6	55 077
Rhodium	oz	10 171	9 250	10.0	17 534
Gold	oz	1 053	731	44.0	2 404
4E	oz	105 285	96 650	8.9	189 880
Iridium	oz	4 161	3 745	11.1	6 597
Ruthenium	oz	18 086	16 478	9.8	32 798
6E	oz	127 532	116 873	9.1	229 275
Metal in concentrate purchased from third parties					
Platinum	oz	1 964	1 216	61.5	3 035
Palladium	oz	1 083	728	48.8	1 738
Rhodium	oz	525	322	63.0	785
Gold	oz	4	6	(33.3)	10
4E	oz	3 576	2 272	57.4	5 568
Iridium	oz	146	192	(24.0)	532
Ruthenium	oz	1 045	802	30.3	1 703
6E	oz	4 767	3 266	46.0	7 803

BOOYSENDAL PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Total metal sold					
Platinum	oz	67 527	57 247	18.0	122 070
Palladium	oz	31 851	27 730	14.9	58 532
Rhodium	oz	10 746	9 069	18.5	18 634
Gold	oz	1 113	718	55.0	2 555
4E	oz	111 237	94 764	17.4	201 791
Iridium	oz	4 245	3 669	15.7	6 884
Ruthenium	oz	18 516	15 891	16.5	33 776
6E	oz	133 998	114 324	17.2	242 451
Nickel	t	250	247	1.2	656
Copper	t	152	128	18.8	377
Chrome concentrate	t	193 360	144 382	33.9	308 679
Average market prices achieved and sales statistics					
Platinum	USD/oz	704	811	(13.2)	820
Palladium	USD/oz	1 061	895	18.5	884
Rhodium	USD/oz	2 227	1 346	65.5	1 671
Gold	USD/oz	1 089	1 119	(2.7)	1 168
4E basket price	USD/oz	958	889	7.8	921
Iridium	USD/oz	983	620	58.5	745
Ruthenium	USD/oz	214	117	82.9	160
6E basket price	USD/oz	855	773	10.6	810
Average exchange rate	R/USD	14.18	13.24	7.1	12.86
Closing exchange rate	R/USD	14.36	12.37	16.1	13.73
Average nickel market price achieved#	USD/t	7 506	8 728	(14.0)	9 917
Average copper market price achieved#	USD/t	2 665	3 267	(18.4)	3 153
Average chrome price achieved**	USD/t	59	106	(44.3)	103
Average chrome price achieved**	R/t	843	1 401	(39.8)	1 326
Booysendal calculated sales					
Booysendal calculated sales	R000	1 765 309	1 384 668	27.5	2 958 973
Revenue from the sales of third party material	R000	56 204	29 854	88.3	75 901
Total revenue	R000	1 821 513	1 414 522	28.8	3 034 874
Total revenue per Pt oz sold*	R/oz	26 975	24 709	9.2	24 862
Total revenue per 4E oz sold*	R/oz	16 375	14 927	9.7	15 040
Total revenue per 6E oz sold*	R/oz	13 594	12 373	9.9	12 517

* Total revenue per oz sold takes into account all sales revenue divided by total metal sold

\# Based on a percentage of the open market price

** Average chrome price achieved is net of costs

BOOYSENDAL PERFORMANCE

continued

		6 months ended 31 December 2018	6 months ended 31 December 2017	Variance	12 months ended 30 June 2018
				%	
Cash costs statistics					
On mine cash cost per tonne mined	R/t	765	726	(5.4)	754
On mine cash cost per tonne milled	R/t	760	707	(7.5)	709
Cash cost per Pt oz in concentrate produced#	R/oz	16 772	16 459	(1.9)	17 090
Cash cost per 4E oz in concentrate produced#	R/oz	10 174	9 938	(2.4)	10 332
Cash cost per 6E oz in concentrate produced#	R/oz	8 393	8 211	(2.2)	8 548
Cash profit and margin					
Cash profit per Pt oz in concentrate produced	R/oz	10 203	8 250	23.7	7 772
Cash margin per Pt oz in concentrate produced	%	37.8	33.4	13.2	31.3
Cash profit per 4E oz in concentrate produced	R/oz	6 201	4 989	24.3	4 708
Cash margin per 4E oz in concentrate produced	%	37.9	33.4	13.5	31.3
Cash profit per 6E oz in concentrate produced	R/oz	5 201	4 162	25.0	3 969
Cash margin per 6E oz in concentrate produced	%	38.3	33.6	14.0	31.7
Capital incurred					
Expansionary capex	R000	111 901	191 981	(41.7)	326 146
Expansionary capex relating to Booysendal South*	R000	877 282	940 010	(6.7)	1 490 948
Sustaining capex	R000	36 621	25 222	45.2	136 142
	R000	1 025 804	1 157 213	(11.4)	1 953 236
Sustaining capex per Pt oz in concentrate	R/oz	573	432	32.6	1 185

Cash costs in concentrate are calculated using the mining costs divided by concentrate produced plus concentrator costs as well as selling and administration overhead costs divided by metal in concentrate produced including concentrate purchased

* Expansionary capex does not include prepayments relating to the rope conveyance for ore transportation, amounting to R36.1 million (30 June 2018: R89.6 million and 31 Dec 2017: R140.2 million)

RESULTS COMMENTARY

Northam's growth strategy of developing low-cost, long-life operations remains firmly in place. Project execution is on track and we are confident that the group is in a position to deliver a strong financial performance even in subdued market conditions going forward.

We maintain a strong statement of financial position and significant empowerment credentials.

Both operating mines performed well during a challenging year. Our focus remains on project execution, sustainable cost control and creating long-term value for all stakeholders.

Zondereinde

The lost time injury incidence rate improved to 1.27 per 200 000 hours worked (H1 F2018: 1.31). Regrettably on 25 October 2018, Mr Stepher van Niekerk, a site manager for a contracting company, lost his life in an engineering related accident at the concentrator dewatering plant. We extend our sincere condolences to Mr van Niekerk's family, friends and colleagues.

Zondereinde produced a solid operating performance with increased production from both the Merensky and UG2 reefs. Merensky tonnage milled increased by 5.7% to 400 686 tonnes while UG2 increased by 2.8% to 606 450 tonnes for the period. The Merensky head grade was 6.02 g/t 4E and the UG2 head grade increased marginally to 4.28 g/t 4E.

The UG2 stockpile increased to 290 969 tonnes.

Chrome concentrate tonnes increased by 4.9% due to the higher UG2 tonnage milled and improved yields.

Equivalent refined metal produced from own operations was similar to the corresponding prior period at 154 078 4E oz. Equivalent refined metal from external parties was significantly lower as a third party concentrate purchase agreement expired.

Total refined metal produced increased by 41.1% to 299 323 4E oz, as a result of the strong operational delivery and commencement of destocking of excess inventory.

Cash cost per equivalent refined platinum ounce for Zondereinde increased by 8.4% to R23 614 Pt/oz (H1 F2018: R21 775 Pt/oz).

During the period under review a three year wage agreement was concluded, effective 1 July 2018.

Ore reserve development in the western extension is making good progress. On the first raise line, two reef raises have holed with the balance between three and twelve levels expected to be holed by the end of the financial year. Ground conditions are generally very good and the predominant reef is the higher grade P2 sub-facies.

The deepening project continues with the conveyor decline halfway between 17 and 18 levels. Lateral development has started on 17 level while stoping is in progress on 16 level.

Booysendal North UG2 and Merensky mine

Booysendal achieved 4 million fatality free shifts on 31 October 2018 and during the six month period under review only two lost time injuries were recorded. The lost time injury incidence rate was 0.10 per 200 000 hours worked. (H1 F2018: 0.31), a commendable 67.7% improvement.

The square metres mined for both Merensky and UG2 production increased by 42.3% and 7.3% respectively. At the Merensky North mine a third crew was employed to increase stoping production.

An increased focus on stoping width control had a positive impact on head grade.

During the period under review metal in concentrate produced from own operations and ore stockpiles increased by 8.9% to 105 285 4E oz (H1 F2018: 96 650 4E oz). Metal in concentrate purchased from third parties increased from 2 272 4E oz to 3 576 4E oz during the period under review.

Production of chrome concentrate increased by 33.9% to 193 360 tonnes mainly due to the contribution from the South Tailings Storage Facility (TSF) Retreatment project as well as the improved yields at the North mine.

The cash cost per platinum ounce in concentrate produced increased by 1.9% to R16 772 Pt/oz (H1 F2018: R16 459 Pt/oz).

Booysendal South

Construction of Booysendal South's central mining complex and ancillary infrastructure is well advanced and on track to reach steady state in F2022.

Key project milestones during the reporting period include:

- Commissioning of the aerial rope conveyor and the first ore transported from the central complex to the South concentrator stockpile.
- Re-commissioning the PGM circuit of the South concentrator and ramping up the rate of tailings re-treatment from the south TSF to produce chrome concentrate and PGMs.
- Ongoing development of the BS1 and BS2 mining modules which are currently producing 20 000 tonnes per month of UG2 ore.
- Re-establishment of underground access to the BS4 module for future tailings deposition.

Eland

At Eland the re-commissioning of the concentrator is well advanced. Mining of the tailings dam is expected to start in March 2019 along with the recovery of chrome. Recovery of PGMs is expected to start in May 2019. Trial mining at the Kukama shaft to test stoping and ore transport methodologies is expected to start before the end of the financial year. In addition, we are pursuing other opportunities including the treatment of third party ore.

US recycling assets

The US recycling assets are still on care and maintenance. However during the period under review small batches of salvaged catalytic convertors were sourced from third parties and processed on a trial basis. The PGM bearing material arising from these recycled convertors will be processed at the Zondereinde metallurgical operations. Once this trial process has been bedded down, options to re-establish the recycling operations will be considered, taking into account the working capital requirements and capital allocation for the group.

Normalised headline earnings

Normalised headline earnings increased by 192.6% to R553.3 million (H1 F2018: R189.1 million), which equates to a normalised earnings per share of 108.5 cents (H1 F2018: 37.1 cents) based on the total number of 509 781 212 issued shares.

Normalised headline earnings, our main measure of performance have been calculated taking into account the headline loss per share adjusted for non-cash items relating to the 2015 black economic empowerment (BEE) transaction. These include the preference share dividends associated with the BEE financing structure.

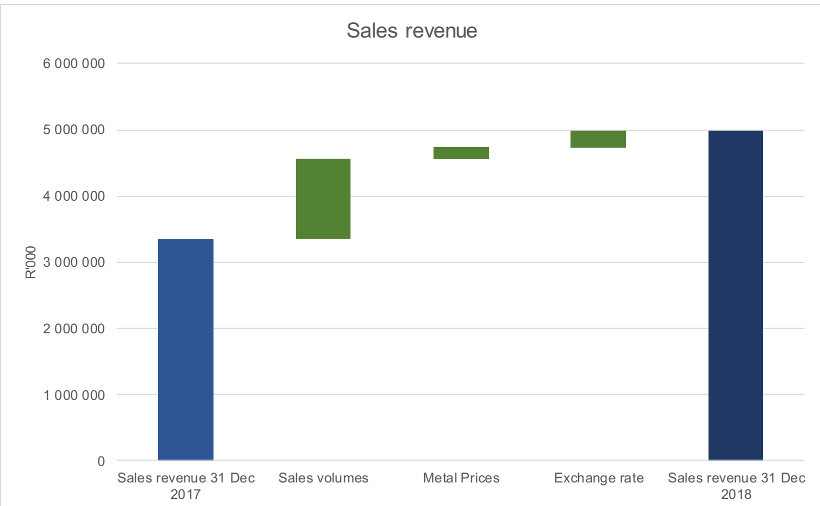
Revenue

Sales revenue increased by 48.6% from R3.4 billion in H1 F2018 to R5.0 billion in the period under review. The increase is attributable to a combination of a 40.5% increase in the volumes of 4E oz sold, an increase of 4.2% in the basket price to USD1 013 per 4E oz and a 5.7% weaker ZAR/USD exchange rate realised. The average US dollar sales price achieved improved on all metals, except platinum and gold which averaged USD820/oz (H1 F2018 USD937/oz) and USD1 222/oz (H1 F2018 USD1 280/oz) respectively. The price of palladium increased by 13.0%, and the price of rhodium was 95.7% higher.

Base metal prices were generally lower with the exception of nickel which was 4.0% higher. The average copper price achieved decreased by 12.2%. The price of chrome in US dollar terms decreased by 37.1% and in South African rand terms decreased by 32.6%, which negatively impacted the rand value of chrome sales from R368.2 million in H1 F2018 to R293.8 million in the current period under review.

Overall total revenue per platinum ounce sold increased by 3.8% from R26 516/Pt oz to R27 524/Pt oz. Due to the festive season, not all available refined metal was sold at the period end.

Period on period revenue variance analysis is as follows:



RESULTS COMMENTARY

continued

Adoption of IFRS 15 Revenue from Contracts with Customers

The group's base metal and chrome sale agreements contain terms which allow for price adjustments based on the market price at the end of a relevant quotational period stipulated in the contract, referred to as provisionally priced sales agreements.

There was no impact on the net profit or loss arising from the adoption of IFRS 15, with the only impact being presentation and disclosure requirements for provisionally priced sales agreements.

Cost of sales and operating margin

Cost of sales increased by 31.1%, in comparison with the 48.6% increase in revenue which resulted in operating profit increasing from R338.8 million in H1 F2018 to R1.0 billion in the period under review, an all-time record for the group for an interim period. This translates to an operating margin of 20.7% (H1 2017: 10.1%).

Movements of the individual elements making up cost of sales are discussed below:

- Mining costs increased by 9.4%, which is attributable to the increase in labour costs together with an increase in total square metres mined.
- Concentrating costs increased by 20.2% with the start-up of the concentrator at Booysendal South which resulted in additional working cost of R55.0 million spent during the period under review.
- Smelter and base metal removal plant costs increased significantly owing to additional power consumed as a result of the second furnace, and reflecting the 41.1% increase in refined metal produced.
- Higher chrome processing costs are associated with the growth in the group's chrome output, which was 18.4% higher. The bulk of the higher production emanates from the chrome circuit at the Booysendal South TSF.
- Included in sales and administration overheads are costs incurred relating to the corporate office and group services as well as all marketing costs incurred by the group.
- Royalty charges are based on a number of inputs, including the ratio between revenues generated from own operations and custom material, EBITDA and capital expenditure incurred. Zondereinde and Booysendal paid royalties at the minimum royalty rate of 0.5% based on revenue from own operations due to the significant amounts of capital expenditure incurred during the period under review. The royalty charge increased in line with the increase in revenue.
- Share-based payment expenses and profit share scheme costs relate to expenses incurred in respect of the group's share plan and contributions made to the Toro Employee Empowerment Trust. The main inputs in calculating the share-based payment liability is the number of outstanding performance, retention and LIM shares as well as the share price at the reporting date. The Toro Employee Empowerment Trust is an employee profit share scheme for Zondereinde employees based on 4% of after tax profit contributions from Zondereinde.
- Concentrates purchased decreased by 78.1%, owing to a contract with a third party concentrate supplier expiring at the end of June 2018. Ounces from external parties decreased by 73.3% to 7 962 4E oz (H1 F2018: 29 770 4E oz).
- Refining including sampling and handling charges increased by 27.1%, even though the total refined metal production increased by 35.7%, this is because of a change in the nickel sales agreement. Going forward the nickel refining charges will be offset against sales revenue and not charged separately as done previously.
- Depreciation is based on the unit of production depreciation method. With the increased production and additional capital expenditure incurred by the group, depreciation increased.
- The commencement of destocking was offset by the increase in the cost of production which is reflected in the change in metal inventories.

In the current price environment, our main focus is on cost control, and growing our production base, thereby creating long-term value for our stakeholders.

Taxation

During the period under review, the group paid tax on non-mining income which comprises mainly interest and sundry income earned. During the period, tax receivable balances and interest to the value of R4.3 million was received from the South African Revenue Services.

Higher capital expenditure results in increased deferred tax. The balance of unredeemed capital available for utilisation against future taxable mining profits for Northam Platinum Limited (Zondereinde) approximates R885.2 million and for Booysendal Platinum Proprietary Limited approximates R6.9 billion.

Capital expenditure

During the period under review the group incurred R1.5 billion in the execution of its growth strategy. Projects are generally ahead of schedule. The following significant amounts were spent on expansionary capex:

- R877.3 million was spent on the development of Booysendal South. In total, R2.8 billion has now been spent on the project and an amount of R36.0 million was prepaid for the construction of the North aerial rope conveyor system. During December 2018, commissioning of the South rope conveyor commenced, with the first ore being transported to the stacker pad at South mine. The crusher feed conveyor and crusher are scheduled for completion by the end of February 2019. A surface stockpile in excess of 120 000 tonnes has accumulated. Capital development at the Central mine is progressing well with 1 133 metres being achieved against a plan of 1 121 metres at the end of December 2018. The Booysendal South mine should sustain annual production up to 300 000 oz of refined 4E oz for more than 25 years. Given Booysendal's favourable cost profile, this will enable the group to grow down the cost curve.
- It is important that value is extracted from the massive Booysendal resource through various growth initiatives. Both the UG2 North deepening project and the development of the Booysendal Merensky North mine will add substantial additional capacity from the original nameplate capacity of 160 000 oz. The development of the capital footprint relating to the Merensky North mine is nearing completion, with R11.4 million spent (H1 F2018: R75.0 million). Construction relating to the installation of strike 3 belt, the construction of dip belt 2, dirty water dam 1 and the underground sub-station is planned to be completed by June 2019.
- The Booysendal UG2 deepening project is also nearing completion with R26.5 million spent (H1 F2018: R48.6 million) and the construction of reef dam 1 and strike belts nine North and South is scheduled for completion in June and August 2019 respectively. On completion, two half levels will be added to the two already operational namely eight North and eight South.
- An amount of R48.7 million (H1 F2018: R73.6 million) was also spent on the South TSF Retreatment project.
- The Zondereinde western extension project is advancing well. Two of the ten planned raise lines in the 11 line holed. The remainder of the raise lines will hole during the next six months. Six of the levels are busy with the development of crosscuts on the 10 line, which is the second stoping line. During the period R69.6 million was spent.
- The Merensky reef relating to the current mine (excluding the western extension) has been largely depleted on the upper levels of the mine and future production will come from the deepening project extending from 13 level to 18 level. Development of the decline system has progressed beyond the 17 level while stoping commenced on 16 level. The belt decline is currently being developed to 18 level. For the period under review R52.9 million has been spent and the project remains on schedule for completion by 2020.
- During the reporting period R50.1 million was spent on the concentrator storage and dewatering optimisation project at the Zondereinde metallurgical facility. The project entails the installation of three solid bowl decanter units and ancillary equipment to replace the current concentrate thickeners and the Delkor vacuum belt filter at the smelter. The project will allow a once-off reduction in stock at the concentrator and will result in increased dryer capacity, flexibility, efficiency and decoupling of the concentrator and smelter.

In addition, R25.3 million (H1 F2018: R93.7 million) and R36.6 million (H1 F2018: R25.2 million) was spent on sustaining capital expenditure at Zondereinde and Booysendal respectively.

Capital expenditure for the current financial year is forecasted to amount to R550.0 million for Zondereinde, R1.5 billion for Booysendal and R300.0 million for Eland, which include amounts spent to date.

Working capital

The working capital lock up is mainly as a result of the high inventory levels. During the reporting period ore stockpile inventory increased due to the mill capacity being limited at Zondereinde. Management is currently looking at various options to monetise the value of the UG2 stockpile.

As previously reported, significant surplus concentrate was built up at Zondereinde in anticipation of commissioning the second furnace. The concentrate stockpile was processed and the working capital lock-up was released during the period under review, with all other inventory moving on in the pipeline.

There are still large amounts of reverts which require reprocessing. Reverts are an intermediate high value product that require a significant degree of material handling effort.

The normal pipeline inventory is considered to be between 80 000 and 90 000 4E oz of metal at any given time. All inventory over and above pipeline material (140 000 oz) is considered excess inventory.

The value of excess inventory at the period end amounted to R1.9 billion at cost, with a potential sales value in excess of R2.3 billion, using the sales prices and exchange rate at 31 December 2018, only taking into account 4E oz.

Cash flow and net debt

The group's net debt position has been calculated as follows:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Cash and cash equivalents	639 660	379 233	388 702
Bank overdraft	–	–	(95 535)
Domestic medium term notes	(1 421 702)	(421 978)	(1 417 728)
Revolving credit facility	(2 138 741)	(1 490 344)	(1 486 495)
	(2 920 783)	(1 533 089)	(2 611 056)

During the period under review cash to the value of R1.3 billion was generated from operating activities (H1 F2018: utilisation of R562.7 million). R1.5 billion of capital expenditure was paid for in cash, R650.0 million was drawn down on the revolving credit facility and R150.3 million was paid relating to interest on the domestic medium term notes and the revolving credit facility, resulting in an increase in cash and cash equivalents of R346.5 million, to R639.7 million.

The group's net debt position is expected to be alleviated with the processing of the excess inventory, whilst taking into account the forecast capital expenditure of the group.

The group's future cash generation is vulnerable to exchange rate volatility and metal price fluctuations. It is the policy of the group not to hedge currency or metal. Should changes be required to this policy, these will be timeously communicated to the market.

During the next six months, domestic medium term notes to the value of R1.25 billion become repayable. The payments are scheduled as follows: R450.0 million in April 2019, R550.0 million in May 2019 and R250.0 million in June 2019. The group intends to refinance the domestic medium term notes and to continuously review and optimise the quantum of its available debt facilities in view of the group's increasing production profile and the impact thereof on working capital requirements and exposure to metal price fluctuations.

Booysendal is on track to achieve steady state production in F2022. Northam intends to direct surplus free cash flow associated with this production increase and completion of the capital expenditure programme to shareholders by way of an ordinary share repurchase programme, the purchase of Zambezi preference shares or a combination of both, dependent on the respective pricing of these instruments.

Key accounting estimates, assumptions and judgements

The preparation of the condensed reviewed interim financial results requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future.

These estimates and assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Information relating to the individual estimates, assumptions and judgements made by management have been included in the notes to the condensed reviewed interim financial results.

Market review

The average platinum price realised during the reporting period was USD820/oz, 12.5% lower than the USD937/oz achieved in the previous corresponding period. This lacklustre performance is attributable to declining demand from light duty diesel vehicles, particularly in Western Europe following the 'dieselgate' scandal and lower Chinese jewellery demand.

Platinum demand in the autocatalyst sector is expected to increase as tighter emissions legislation is introduced in China and India. Real driving emissions legislation (RDE) will become more onerous for original equipment manufacturers as emissions limits will need to be maintained over the lifecycle of a vehicle and is likely to lead to increased loadings per vehicle. Industrial demand is also expected to grow in the petrochemicals sector and as support for fuel cell development increases.

On the supply side, underinvestment in the South African industry over the past decade and rationalisation of the industry going forward is likely to lead to lower production.

The deficit in the palladium market continued during the reporting period resulting in the average price received gaining 13.0% to USD1 071/oz (H1 2018: USD948/oz).

Autocatalyst demand for palladium is expected to increase, particularly in China with the introduction of China VI legislation, and in Western Europe loadings in gasoline vehicles are expected to increase significantly owing to the strict application of RDE standards.

The palladium market remains in meaningful deficit estimated at 1 million oz due to the increasing demand for autocatalysts. It is fair to conclude that at some point in the future, platinum will substitute palladium.

The price received for rhodium averaged USD2 427/oz during the period under review, an increase of 95.7% from the previous corresponding period (H1 2018: USD1 240/oz).

The increased deficit expected in rhodium will continue as supplies contract and demand in the autocatalyst sector follows a similar trajectory as palladium with the exception that in the case of rhodium, there is no real substitute.

The ruthenium price increased by 226.9% during the period under review to USD255/oz (H1 2018: USD78/oz).

The increased demand for ruthenium in specifically the chemical and communication sectors will add to the substantial deficit envisaged for this metal in the near future.

The iridium price received increased 49.8% to USD1 432/oz (H1 2018: USD956/oz).

The processing of ballast water in the shipping industry accounts for large increase in the demand for iridium, creating a deficit in a relatively small market.

Mineral resources and reserves

The mineral resources and mineral reserves statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2016.

Mineral resources and reserves for the wholly owned Northam assets have been prepared under the guidance of the group's competent persons who have reviewed and approved the information contained in this document, as it relates to mineral resources and mineral reserves. Contact details for Northam's competent persons are available in the Northam Platinum Limited annual integrated report for the year ended 30 June 2018, which is available on the group's website www.northam.co.za/investors-and-media/publication/annual-reports.

In addition to the existing internal review process, Northam has scheduled independent external audits on the mineral resources and mineral reserves, the outcome of the first review from the Booysendal mine is to be reported at year-end.

Mineral resources for Dwaalkop have been prepared by Lonmin plc and are reported as at the end of September 2017, there being no change during the current period.

The various competent persons are:

Company	Operation	Function	Competent person
Northam Platinum Limited	Zondereinde (inclusive of Middeldrift and Tumela portions)	Mineral Resources & Mineral Reserves	Charl van Jaarsveld
	Booysendal	Mineral Resources	Meshack Mqadi
		Mineral Reserves	Willie Theron
	Eland	Mineral Resources	Paula Preston
		Mineral Reserves	Coenie Roux
	Northam Platinum Limited group	Mineral Resources & Mineral Reserves	Damian Smith
Lonmin plc	Dwaalkop	Mineral Resources	Snowden Mining Industry Consultants

The total mineral resources and mineral reserves are as at 31 December 2018, these being derived from the depletion of six months' production from the annual assessment in June 2018. The mineral resources (total measured, indicated and inferred) are reported inclusive of the mineral reserves (proved and probable) for 4E. The individual element ratios for Pt, Pd, Rh and Au are indicative of the Northam group global proportions for the total mineral resource in the Merensky and UG2 reefs.

The following tables summarise the mineral resources and reserves attributable to the group for both the current period and previous year.

Mineral resources are reported inclusive of mineral reserves.

Northam group reserves estimate (combined proven and probable)*

		31 December 2018 4E			30 June 2018 4E		
Reef	Operation	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North mine	18.76	2.88	1.74	18.99	2.87	1.75
	Booysendal South mine	9.84	2.59	0.82	9.84	2.59	0.82
	Eland	5.04	0.86	0.14	5.04	0.86	0.14
	Zondereinde	27.98	5.56	5.00	28.38	5.57	5.08
	Total	61.62	3.89	7.70	62.25	3.89	7.79
UG2	Booysendal North mine	50.33	2.97	4.81	51.85	2.95	4.92
	Booysendal South mine	77.54	2.64	6.57	77.54	2.64	6.57
	Eland	3.77	3.14	0.38	3.77	3.14	0.38
	Zondereinde	63.93	4.26	8.75	64.54	4.26	8.83
	Total	195.57	3.26	20.51	197.70	3.26	20.70
Combined	Booysendal North mine	69.09	2.95	6.55	70.84	2.93	6.67
	Booysendal South mine	87.38	2.63	7.39	87.38	2.63	7.39
	Eland	8.81	1.84	0.52	8.81	1.84	0.52
	Zondereinde	91.91	4.65	13.75	92.92	4.66	13.91
	Total	257.19	3.41	28.21	259.95	3.41	28.49

* *Quantities and grades have been rounded to two decimal places and therefore minor computational errors may occur*

Northam group resources estimate (combined measured, indicated and inferred)*

Reef	Operation	As at 31 December 2018 Mt	4E g/t	Moz	As at 30 June 2018 Mt	4E g/t	Moz
Merensky	Booysendal North	86.12	5.06	14.00	86.12	5.06	14.00
	Booysendal South	187.55	3.55	21.41	187.55	3.55	21.41
	Booysendal North mine	21.47	3.20	2.21	21.71	3.19	2.23
	Booysendal South mine	11.98	2.78	1.07	11.98	2.78	1.07
	Dwaalkop**	38.05	2.98	3.64	38.05	2.98	3.64
	Eland	4.82	1.03	0.16	4.82	1.03	0.16
	Zondereinde	208.29	7.46	49.94	208.88	7.45	50.05
	Total	558.28	5.15	92.43	559.11	5.15	92.56
UG2	Booysendal North	145.43	4.86	22.73	145.43	4.86	22.73
	Booysendal South	235.67	3.20	24.26	235.67	3.20	24.26
	Booysendal North mine	44.60	4.59	6.58	46.12	4.53	6.72
	Booysendal South mine	129.05	3.05	12.64	129.05	3.05	12.65
	Dwaalkop**	37.56	4.35	5.25	37.56	4.35	5.25
	Eland	147.43	4.04	19.16	147.43	4.04	19.16
	Zondereinde	339.05	5.05	55.03	340.00	5.05	55.16
	Total	1 078.79	4.20	145.65	1 081.26	4.20	145.92
Combined	Booysendal North	231.55	4.93	36.73	231.55	4.93	36.73
	Booysendal South	423.22	3.36	45.67	423.22	3.36	45.67
	Booysendal North mine	66.07	4.14	8.79	67.83	4.10	8.95
	Booysendal South mine	141.03	3.02	13.71	141.03	3.02	13.71
	Dwaalkop**	75.61	3.66	8.89	75.61	3.66	8.89
	Eland	152.25	3.95	19.32	152.25	3.95	19.32
	Zondereinde	547.34	5.97	104.97	548.88	5.96	105.21
	Total	1637.07	4.52	238.08	1 640.37	4.52	238.48

** Quantities and grades have been rounded to two decimal places and therefore minor computational errors may occur*

*** Current and previous year's resources and reserves for Dwaalkop are quoted as at 30 September 2017*

Prill splits %	Pt	Pd	Rh	Au	Cr_2O_3%	Cu%	Ni%
Merensky	60.9	30.3	4.0	4.9	0.6	0.095	0.209
UG2	59.5	29.6	9.5	1.4	25.6	0.016	0.100

RESULTS COMMENTARY

continued

Changes to the board of directors

During the period under review the following changes to the board occurred:

Mr MH Jonas and Mr JJ Nel were appointed as independent non-executive directors, with effect from 6 November 2018.

Ms AH Coetzee was appointed as the chief financial officer and an executive director, with effect from 15 November 2018. Ms Coetzee replaced Mr AZ Khumalo following his resignation effective 1 November 2018.

Corporate governance

The group has adopted the King IV Report on Corporate Governance for South Africa, 2016 (King IV). The board and board sub-committee charters, code of ethics and various internal policies and procedures are in place to both regulate and guide the group's conduct as a responsible corporate citizen. Northam's application and explanation of the King IV principles is available on the Northam website at www.northam.co.za/downloads/send/92-2017/1162-king-iv.

Going concern

Mining operations have a finite life and are dependent amongst other things on geological, technical as well as economic factors such as commodity prices and exchange rates. The global economic outlook and low US dollar metal prices are a concern as the group is an exporter of PGMs to global markets. Operations continue to be under pressure due to increasing input costs and low metal prices.

The group manages its capital to ensure that it will be able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with. The capital structure of the group consists of debt, which includes borrowings disclosed in these condensed reviewed interim results, issued capital, reserves and retained earnings.

The condensed reviewed interim results have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The board of directors believes that the group will continue to have adequate financial resources and access to capital to continue operating for the foreseeable future and, accordingly, the condensed reviewed interim results have been prepared on a going concern basis.

Dividends

The company's dividend policy is to consider an interim and final dividend for each reporting period. At its discretion, the board of directors (board) may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass a resolution for the payment of a dividend.

The quantum of any dividend would ultimately be subject to expected future market and capital commitments at the time of consideration by the board.

Given the continuing difficult conditions in the platinum mining industry, and taking into consideration the cash requirements to fund the development of the group's project pipeline and growth strategy, the board has resolved not to declare an interim dividend (H1 F2018: R Nil per share).

Outlook and key factors impacting future financial results

The following key factors will impact future financial results:

- **Management of production and performance targets to ensure the successful execution of our business strategy** – Management sets realistic strategic targets for the business. The success of the strategy will affect shareholders and stakeholders alike.
- **Continuing to improve the safety performance and health and wellness of our workforce** – The group strives to improve the safety performance and health and wellness of all employees. By continuously seeking to reduce injuries, applying appropriate technologies, communication and training and reinforcing operational standards and responsibilities we seek to improve the safety performance and health and wellness of our workforce.
- **Effective project execution** – The group has a large capital expansion programme in place to secure its future through the creation of long-life, low-cost operations. Successful project execution is key to creating a sustainable business for the long-term benefit of all our stakeholders.
- **Effective cost control** – The platinum sector remains under pressure from low metal prices and hence cost containment is key to the group's sustainability. We continue to strive to maintain our relative position in the lower half of the industry cost curve.

The global economic outlook remains uncertain resulting in volatile metal markets and exchange rates. The group's financial performance will depend on achieving higher metal sales prices and a stable operating performance. Management is confident that the group's strong financial position, prudent financial controls and the development of shallow, mechanisable operations at Booysendal and Eland will place the group in a position to take advantage of improved market conditions going forward.

Cost control will continue to remain a key focus area and management is confident that through various initiatives and increasing the production base that the unit cost will be well contained going forward.

On behalf of the board.

KB Mosehla
Chairman

PA Dunne
Chief executive

Johannesburg
19 February 2019

CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

These condensed reviewed interim financial results have been prepared under the supervision of the chief financial officer, AH Coetzee CA(SA).

The condensed interim financial results of the group have been reviewed by Ernst & Young Inc., under the supervision of E Dhorat CA(SA), a registered auditor. A copy of their unmodified reviewed report is available for inspection at the company's registered office.

The condensed reviewed interim financial results of the group will be available on the company's website at www.northam.co.za on Friday, 22 February 2019.

Interim condensed consolidated statement of profit or loss and other comprehensive income

		Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
		R000	R000	R000
Sales revenue	3	4 982 761	3 353 270	7 552 181
Cost of sales		(3 951 981)	(3 014 497)	(6 728 867)
Operating costs	4	(3 543 074)	(3 129 727)	(6 318 000)
Concentrates purchased		(94 062)	(430 052)	(1 410 506)
Refining and other costs		(71 902)	(56 563)	(123 840)
Depreciation and write-offs	8,11 & 12	(251 762)	(218 117)	(441 865)
Change in metal inventories		8 819	819 962	1 565 344
Gross profit		1 030 780	338 773	823 314
Share of earnings from associate	13	6 174	6 428	4 162
Investment income	5	23 992	28 860	52 633
Finance charges excluding preference share dividends	6	(101 149)	(25 532)	(68 481)
Net foreign exchange transaction gains/(losses)		6 649	(8 203)	2 368
Sundry income	7	39 235	161 421	217 005
Sundry expenditure	8	(210 060)	(183 741)	(380 944)
Profit before preference share dividends		795 621	318 006	650 057
Amortisation of liquidity fees paid on preference shares	20	(8 195)	(8 195)	(16 390)
Preference share dividends	20	(611 761)	(460 762)	(1 106 684)
Loss on derecognition of preference share liability		–	–	(8)
Profit/(loss) before tax		175 665	(150 951)	(473 025)
Tax	9	(239 502)	(132 822)	(231 973)
Loss for the period/year		(63 837)	(283 773)	(704 998)
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations		8 211	(258)	(364)
Total comprehensive income for the period/year		(55 626)	(284 031)	(705 362)

		Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
Loss per share – R cents	10	(18.2)	(81.1)	(201.5)
Fully diluted loss per share – R cents	10	(18.2)	(81.1)	(201.5)

CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Interim condensed consolidated statement of financial position

		Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* 1 July 2017
		R000	R000	R000	R000
Assets					
Non-current assets		20 436 302	17 633 764	19 108 944	15 483 553
Property, plant and equipment	11	13 276 555	10 345 224	11 874 146	9 022 260
Mining properties and mineral resources	12	6 751 030	6 777 623	6 765 390	5 772 572
Investment held in escrow		18 974	–	–	–
Interest in associate	13	41 320	37 412	35 146	30 984
Land and township development		64 749	57 638	65 680	48 529
Long-term receivables	14	86 570	79 405	86 897	83 745
Investments held by Northam Platinum Restoration Trust Fund	19	115 073	106 224	110 626	102 233
Environmental Guarantee investment		33 556	72 697	68 899	68 104
Buttonshope Conservancy Trust		12 460	11 857	12 203	11 126
Long-term prepayments	15	36 015	140 229	89 608	336 409
Other financial assets		–	–	–	7 591
Deferred tax asset		–	5 455	349	–
Current assets		4 484 398	3 701 949	4 715 090	4 103 337
Inventories	16	3 426 562	2 564 747	3 386 795	1 729 102
Trade and other receivables	17	410 129	757 120	924 085	548 997
Cash and cash equivalents	18	639 660	379 233	388 702	1 786 865
Tax receivables		8 047	849	15 508	38 373
Non-current assets held for sale	13	–	–	–	49 222
Total assets		24 920 700	21 335 713	23 824 034	19 636 112

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers (refer note 1 and 3), as well as the retrospective amendment of the mining properties and mineral resources relating to the Dwaalkop Joint Arrangement (refer note 12)

CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

		Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* 1 July 2017
		R000	R000	R000	R000
Equity and liabilities					
Total equity		7 329 727	7 808 010	7 386 679	8 092 041
Stated capital		13 778 114	13 778 114	13 778 114	13 778 114
Treasury shares		(6 556 123)	(6 556 123)	(6 556 123)	(6 556 123)
Accumulated loss		(774 559)	(288 171)	(709 396)	(4 398)
Foreign currency translation reserve		7 847	(258)	(364)	–
Equity settled share-based payment reserve		874 448	874 448	874 448	874 448
Non-current liabilities		14 365 462	11 981 770	12 832 267	9 929 685
Deferred tax liability		1 060 634	718 741	824 794	585 883
Long-term provisions	19	670 752	320 607	640 128	304 829
Preference share liability	20	10 065 456	8 834 124	9 445 500	8 279 825
Long-term loans	21	177 722	132 915	182 063	249 428
Long-term share-based payment liability		77 743	63 061	78 999	88 639
Domestic medium term notes	22	174 414	421 978	174 288	421 081
Revolving credit facility	23	2 138 741	1 490 344	1 486 495	–
Current liabilities		3 225 511	1 545 933	3 605 088	1 614 386
Current portion of long-term loans	21	24 540	17 682	24 540	13 434
Current portion of domestic medium term notes	22	1 247 288	–	1 243 440	–
Short-term share-based payment liability		50 652	92 005	78 340	75 026
Tax payable		86	7 159	117	102 550
Trade and other payables	24	1 652 796	1 234 862	1 963 202	1 203 596
Provisional pricing derivatives	25	8 106	12 192	2 773	64 576
Bank overdraft	18	–	–	95 535	–
Short-term provisions		242 043	182 033	197 141	155 204
Total equity and liabilities		24 920 700	21 335 713	23 824 034	19 636 112

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers (refer note 1 and 3), as well as the retrospective amendment of the mining properties and mineral resources relating to the Dwaalkop Joint Arrangement (refer note 12)

Interim condensed consolidated statement of changes in equity

	Stated capital	Accumulated loss	Equity settled share-based payment reserve	Foreign currency translation reserve**	Total
	R000	R000	R000	R000	R000
Closing balance as at 30 June 2017	7 221 991	(4 398)	874 448	–	8 092 041
Restatement*	–	–	–	–	–
Restated opening balance as at 1 July 2017	7 221 991	(4 398)	874 448	–	8 092 041
Total comprehensive income for the period	–	(283 773)	–	(258)	(284 031)
Loss for the period	–	(283 773)	–	–	(283 773)
Other comprehensive income for the period	–	–	–	(258)	(258)
Restated balance as at 31 December 2017	7 221 991	(288 171)	874 448	(258)	7 808 010
Total comprehensive income for the period	–	(421 225)	–	(106)	(421 331)
Loss for the period	–	(421 225)	–	–	(421 225)
Other comprehensive income for the period	–	–	–	(106)	(106)
Restated balance as at 30 June 2018	7 221 991	(709 396)	874 448	(364)	7 386 679
Impact of the adoption of IFRS 9 (refer note 1 and 14)	–	(1 326)	–	–	(1 326)
Restated opening balance as at 1 July 2018	7 221 991	(710 722)	874 448	(364)	7 385 353
Total comprehensive income for the period	–	(63 837)	–	8 211	(55 626)
Loss for the period	–	(63 837)	–	–	(63 837)
Other comprehensive income for the period	–	–	–	8 211	8 211
Balance as at 31 December 2018	7 221 991	(774 559)	874 448	7 847	7 329 727

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers (refer notes 1 and 3)

** The foreign currency translation reserve has been created to account for the foreign exchange gain or loss on translation of a foreign operation

CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Interim condensed consolidated statement of cash flows

	Note	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
		R000	R000	R000
Cash flows from/(utilised in) operating activities		1 297 758	(562 729)	(342 232)
Profit/(loss) before tax		175 665	(150 951)	(473 025)
Adjusted for the following non-cash items as well as disclosable items				
Depreciation and write-offs		255 117	218 117	441 865
Changes in provisions		44 902	(75 071)	49 493
Changes in long-term receivables		327	4 340	(3 152)
Investment income		(23 992)	(28 860)	(52 633)
Finance charges excluding preference share dividends		101 149	25 532	68 481
Preference share dividends	20	611 761	460 762	1 106 684
Loss on derecognition of preference share liability		–	–	8
Amortisation of liquidity fees paid on preference shares	20	8 195	8 195	16 390
Movement in share-based payment liability		(28 944)	(8 599)	(6 326)
Share of earnings from associate		(6 174)	(6 428)	(4 162)
(Profit)/loss on sale of property, plant and equipment		(3 898)	5 471	4 706
Net foreign exchange difference		(6 649)	(8 458)	(2 368)
Other		(2 614)	(258)	(13 774)
Change in working capital		145 283	(1 064 886)	(1 547 247)
Movement relating to land and township development		931	(9 109)	(17 151)
Investment income received		22 582	28 860	61 058
Tax refund received		4 117	38 614	28 921

	Note	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
		R000	R000	R000
Cash flows utilised in investing activities		(1 450 510)	(2 190 721)	(3 580 937)
Property, plant, equipment, mining properties and mineral reserves				
Additions to maintain operations		(61 906)	(118 928)	(385 609)
Additions to expand operations		(1 245 447)	(2 307 921)	(3 036 727)
Disposal proceeds		21 169	41	5 133
Investment held in escrow		(18 974)	–	–
Amounts paid in terms of long-term prepayments	15	(175 991)	–	(202 691)
Movement in long-term prepayments		–	196 180	–
Additional investment made in associate/cash calls	13	–	(1 347)	(1 347)
Refunds received on the cancellation of the Environmental Guarantee investment policy		66 406	–	–
Payments made and movements on the investments held by the Environmental Guarantee investment		(31 063)	(4 593)	(795)
Movement in investment held by the Northam Platinum Restoration Trust Fund		(4 447)	(3 991)	(8 393)
Movement in investments held by the Buttonshope Conservancy Trust Fund		(257)	(731)	(1 077)
Proceeds received from the sale of the non-current asset held for sale	13	–	50 569	50 569
Cash flows from financing activities		499 245	1 337 360	2 421 486
Interest paid		(150 344)	(49 166)	(158 170)
Draw down on revolving credit facility	23	650 000	1 497 935	2 000 000
Repayment of revolving credit facility	23	–	–	(500 000)
Issue of domestic medium term notes	22	–	–	1 000 000
Issue of long-term loans		–	–	100 000
Repayment of long-term loans		–	(111 368)	(9 400)
Transaction fees paid		(411)	–	(9 267)
Acquisition of Zambezi Platinum (RF) Limited preference shares		–	(41)	(1 677)
Increase/(decrease) in cash and cash equivalents		346 493	(1 416 090)	(1 501 683)
Net foreign exchange difference on cash and cash equivalents		–	8 458	7 985
Cash and cash equivalents at the beginning of the period/year		293 167	1 786 865	1 786 865
Cash and cash equivalents at the end of the period/year	18	639 660	379 233	293 167

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

1. Accounting policies and the basis of preparation

The interim condensed financial statements have been prepared on the historical cost basis, except for the financial instruments to the extent required or permitted under International Financial Reporting Standards (IFRS) and as set out in the relevant accounting policies detailed in Northam's Annual Integrated Report, which includes the annual financial statements for the year ended 30 June 2018. These condensed interim financial statements incorporate the accounting policies which are in terms of IFRS and have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the period as more fully set out below.

The condensed interim financial statements have been prepared in accordance with and containing the information required by the framework concepts and the measurement and recognition requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, presentation and disclosures as required by Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and were reviewed in accordance with the requirements of the Companies Act No. 71 of South Africa (Companies Act) including the adoption of the following standards, amendments or interpretations with effect from 1 July 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-Based Payment Transactions
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The group has adopted IFRS 15 and IFRS 9 for the first time with a date of initial application of 1 July 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The adoption of all other standards, amendments or interpretations, other than IFRS 15 and IFRS 9 had no impact on the interim condensed consolidated results.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is the International Accounting Standards Board (IASB)'s replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting of financial instruments.

The new Standard contains substantial changes from the previous financial instruments Standard (IAS 39) with regards to the classification, measurement, impairment and hedge accounting requirements.

IFRS 9 establishes a new model for recognition and measurement of impairments in financial assets that are measured at amortised cost or fair value though other comprehensive income (FVOCI), the so-called expected credit loss model. This is the only impairment model that applies in IFRS 9 because all other assets are classified and measured at fair value through profit or loss (FVPL) or, in the case of qualifying equity investments, FVOCI with no recycling to profit or loss.

Expected credit losses are calculated by: identifying scenarios in which a financial asset defaults; estimating the cash shortfall that would be incurred in each scenario if a default were to happen; multiplying that loss by the probability of the default happening; and summing the results of all such possible default events. Because every financial asset has at least some probability of defaulting in the future, every financial asset has an expected credit loss associated with it from the moment of its origination or acquisition.

IFRS 9 does not require an entity to restate prior periods. Restatement is permitted, if and only if, it is possible without the use of hindsight and the restated financial statements reflect all of the requirements of IFRS 9. If the entity does not restate prior periods, any difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application should be included in the current year opening retained earnings (or other equivalent component of equity).

IFRS 9 has been applied for the current period presented and comparatives have not been restated.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS
continued

Below is a summary of the impact that IFRS 9 has had on the statement of financial position:

Classification

The group completed a detailed assessment of its financial assets and liabilities. The following table represents the original classification according to IAS 39 and the new classification according to IFRS 9:

	Original classification per IAS 39	New classification per IFRS 9
Financial assets		
Long-term receivables	Amortised cost	Amortised cost
Investments held by Northam Platinum Restoration Trust Fund	Amortised cost	Fair value through profit or loss
Environmental Guarantee Investment	Amortised cost	Fair value through profit or loss
Buttonshope Conservancy Trust	Amortised cost	Fair value through profit or loss
Trade and other receivables (excluding Provisional pricing receivable)	Amortised cost	Amortised cost
Provisional pricing receivable included in trade and other receivables (previously included in trade and other receivables and not disclosed separately)	Fair value through profit or loss	Fair value through profit or loss
Cash and cash equivalents	Amortised cost	Amortised cost
Financial liabilities		
Long-term loans	Amortised cost	Amortised cost
Domestic medium term notes	Amortised cost	Amortised cost
Preference share liability	Amortised cost	Amortised cost
Revolving credit facility	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Provisional pricing derivatives (previously included in trade and other payables, but now disclosed as a separate line item on the statement of financial position)	Fair value through profit or loss	Fair value through profit or loss
Bank overdraft	Amortised cost	Amortised cost

Financial assets

The characteristics of Long-term receivables, Trade and other receivables and Cash and cash equivalents were reassessed based on the requirements of IFRS 9 and it was concluded that they meet the criteria for amortised cost measurement. Therefore reclassification of these instruments was not required.

The characteristics of the Investments held by Northam Platinum Restoration Trust Fund, Environmental Guarantee Investment and the Buttonshope Conservancy Trust were reassessed based on the requirements of IFRS 9. These financial assets are not considered to derive contractual cash flows which are solely principal and interest on the principal amount, they therefore are not classified as at amortised cost, and default into the fair value through profit or loss measurement category.

Provisional pricing receivables measured at fair value through profit or loss relate to financial assets recognised as a result of satisfaction of performance obligations relating to revenue from contracts with customers. The group therefore has an unconditional right to the consideration that is due. The value of the receivable fluctuates in line with market factors, resulting in this class of financial asset being measured at fair value through profit or loss. The balance of this financial asset was previously recognised within Trade and other receivables but has been separated out for better disclosure. The balance of the financial asset was previously recognised within trade and other receivables, but has now been separately disclosed for improved disclosure.

Financial liabilities

There were no changes to the recognition and measurement criteria of financial liabilities. Therefore all existing financial liabilities remain at their original classification and measurement.

A Provisional pricing derivative is recognised when payment by the customer made on provisionally priced goods results in an effective overpayment due to fluctuations in market factors until final pricing is confirmed. Provisional pricing derivatives measured at fair value through profit or loss relate to financial liabilities recognised as a result of the satisfaction of performance obligations relating to revenue from contracts with customers.

The value of the payable fluctuates in line with market factors, resulting in this class of financial liability being measured at fair value through profit or loss. The balance of this financial liability was previously recognised within Trade and other payables but has been separated out for better disclosure.

Once pricing on goods are finalised and no further market fluctuations affect the value of consideration refundable to the customer, the balance of Provisional pricing derivatives is transferred to Trade and other payables.

Impairment

Previously under IAS 39, impairment or credit losses are only recognised when a credit loss event occurs (incurred loss model). Under IFRS 9, the new impairment requirements are based on expected credit losses (expected credit loss model). Expected credit losses (ECLs) are an estimate of credit losses over the life of a financial instrument, and are recognised as a loss allowance or provision. The amount of ECLs to be recognised depends on the extent of credit deterioration since initial recognition.

IFRS 9 requires an entity to apply the expected credit loss model to all debt instruments classified as measured at amortised cost, or at fair value through other comprehensive income, including lease receivables and contract assets.

In applying the IFRS 9 requirement of assessment of impairment, the group considers both approaches: the general approach and the simplified approach. For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The general approach requires the assessment of financial assets to be split into 3 stages:

Stage 1: no significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12 month expected credit loss assessment is required.

Stage 2: significant deterioration in credit quality of the financial asset but no indication of a credit loss event. This stage identifies assets as under-performing. Lifetime expected credit losses are required to be assessed.

Stage 3: clear and objective evidence of impairment is present. This stage identifies assets as non-performing financial instruments. Lifetime expected credit losses are required to be assessed.

Once a default has occurred, it is considered a deterioration of credit risk and therefore an increase in the credit risk.

The group considers a wide variety of indicators when assessing the increase in credit risk as well as the probability of the default happening for impairment purposes. Some indicators considered include: Significant changes in the expected performance and behaviour of the debtor; past due information; significant changes in external market indicators including market information related to the debtor, existing or forecast adverse changes in business, financial or economic conditions; an actual or expected significant adverse change in the regulatory, economic, or technological environment; actual or expected significant internal credit rating downgrade or decrease; actual or expected significant change in the operating results of the debtor.

The expected credit loss value is determined as the estimated cash shortfall that would be incurred, multiplied by the probability of the default occurring.

The group has assessed the expected credit losses on the following financial assets as at 30 June 2018 as follows, which is over and above any previous impairments provided for in prior years:

	Additional impairment value
	R000
Long term receivables (net of tax)	1 326

All other financial assets have been assessed for expected credit losses, and the effect is considered to be negligible due to the group's history of recovery of these balances; as well as the credit rating of the various financial institutions that some of the balances are held with.

The probability of a shortfall being incurred is considered remote in the current economic environment, and the group therefore does not account for any credit losses relating to the other financial assets.

Impact of adopting IFRS 9

In adopting IFRS 9 in the current period, the group's carrying value of financial instruments was only impacted with the impairment disclosed above. Minor amendments were accounted for on the disclosure requirements on adoption of IFRS 9.

For financial instruments where the classification under IFRS 9 changed from the previous classification under IAS 39, the values were approximately the same.

The group applies the following policies in line with the adoption of IFRS 9.

Measurement

Amortised cost

Financial instruments accounted for at amortised cost will remain at amortised cost with no adjustments required. The group continues to utilise the effective interest method for financial instruments designated at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument. Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

All movements relating to financial instruments measured at amortised cost are accounted for in profit or loss. Interest is accounted for in line with the effective interest method and impairment gains and losses are accounted for in line with the policy for impairment.

Fair value through profit or loss

Financial assets with provisional pricing arrangements (provisional pricing receivables) are recognised as a separate category of trade and other receivables.

These instruments represent all movements after the date of sale, which are determined to be fair value gains or losses on provisionally priced sales throughout the quotational period until the sale value is finalised. The balance represents amounts owing to the group.

The movements are therefore not considered to be contractual cash flows of principal and interest on the principle. Therefore this financial asset is required to be classified and measured as at fair value through profit or loss.

Financial liabilities with provisional pricing arrangements (provisional pricing derivatives) are recognised as a separate category of financial liability.

These instruments represent all movements after the date of sale, which are determined to be fair value gains or losses on provisionally priced sales throughout the quotational period until the sale value is finalised. The balance represents amounts owing by the group.

This financial liability is classified and measured at fair value through profit or loss.

These financial instruments are subsequently measure at fair value with all gains or losses recognised directly in profit or loss in line with the requirements of IFRS 9.

The measurement principles applied by the group in line with IFRS 9 disclosed above are relatively consistent with the IAS 39 measurement principles which were previously applied.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either: (a) the group has transferred substantially all the risks and rewards of the asset or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment

Impairment policy relating to financial instruments are considered in line with the expected credit loss model utilising the general approach.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The core principle is that an entity recognises revenue based on a five-step model to reflect the transfer of goods or services, measured at the amount to which the entity expects to be entitled in exchange for those goods or services.

The application of the five-step model in IFRS 15 has required the exercise of judgement, considering all facts and circumstances relative to each contract. Judgements and estimates relating to IFRS 15 have been disclosed in the notes (refer to note 3) to the condensed interim financial statements. The standard also provides guidance on the accounting treatment of costs attributable to fulfilling the contract, as well as the incremental costs of obtaining the contract.

In terms of IFRS 15, the group identifies each separate performance obligation contained in the contract and allocates a portion of the contract revenue to each performance obligation. Revenue is then only recognised on the satisfaction of each of the relevant performance obligations. Revenue from contracts with customers is recognised when control is transferred to the customer.

IFRS 15 Revenue from Contracts with Customers has been adopted using the full retrospective method, making use of some of the practical expedients, and therefore comparative information has been restated in line with the new accounting standard. IFRS 15 replaces IAS 18 Revenue and all related amendments and interpretations.

Below is a summary of the impact of the adoption of IFRS 15:

The group undertook a detailed assessment of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to identify differences in the timing and amount of revenue recognised under IFRS 15. For all of the revenue streams, the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognised under IFRS 15, is the same as that under IAS 18.

There were however some disclosure reclassifications required as a result of the adoption of IFRS 15 (in conjunction with IFRS 9) and additional impact on presentation requirements. The adoption of IFRS 15 did not have an impact on the opening retained earnings balance.

The following 2 practical expedients which are available in IFRS 15 have been utilised in the preparation of the financial information:

- Significant financing components

  Sales terms are for payment from the customer to be made shortly after delivery. IFRS 15 contains a practical expedient where the promised amount of consideration (the transaction price) need not be adjusted for the effects of the time value of money and a significant financing component if the entity expects, at contract inception, that the period between transfer of the goods and receipt of payment for those goods will be one year or less. This would therefore not result in the recognition of any significant financing component contained within the sales agreement due to the short-term nature of the time between delivery of the metal and receipt of cash as all contracts are finalised within one to four months.

- Future performance obligations

  IFRS 15 requires entities to disclose information relating to remaining performance obligations on current open contracts. Disclosures relating to the nature, timing and amount, as well as any specific terms contained in the open contract, are required. IFRS 15 provides a practical expedient when the performance obligations on contracts are expected to be completed within one year from inception of the contract. The group's contracts are all finalised within one to four months of inception and therefore are considered to be short-term.

  The practical expedient has therefore been applied to this disclosure as any future performance obligations on open contracts are expected to be finalised shortly after the reporting period. This is in line with the contractual terms, standard business operations, as well as historical information on open contracts.

Most contracts' performance obligations are satisfied at a point in time when product is delivered. The INCO terms utilised in most contracts within the group are DAP and Ex-works. Delivery takes place, either at the determined location, or at the customer's premises. This is also the point at which control transfers to the customer.

Precious metal sales

Revenue from platinum group metal (PGM) sales are recognised based on contractual terms specific to each transaction. The contractual terms stipulate a fixed price relating to the commodity as well as exchange rates in the month in which the product is purchased. Platinum and palladium sales are recorded at the daily London Metal Exchange: LBMA price. Rhodium, iridium and ruthenium sales are recorded at the weekly Platts New York Dealer price.

No adjustments are accounted for relating to volume of product or price on PGM sales as all these inputs are finalised on delivery date, which is the date on which revenue is recognised. Therefore there were no changes identified relating to the timing or amount of revenue recognition.

Base metal sales

Revenue from base metal sales are recognised based on the initial assayed quantity of product; prevailing market prices and exchange rates. Revenue is accounted for when control has transferred to the customer on delivery. Revenue accounted for, is the estimation of the amount of consideration to which the group will be entitled at the date of sale. Revenue is estimated at contract inception (when control transfers) and is based on initial assays, prevailing metal prices and current exchange rates. Movement in assay amounts were assessed in detail and were found to be immaterial and are therefore included in the disclosure of all other movements relating to fair value adjustments which are separately disclosed in Revenue.

Payment on base metal sales is only made once provisional pricing has been finalised. Adjustments to the provisional pricing value occurs at the reporting date and on finalisation of the sales transaction. A Provisional pricing receivable is recognised, in line with IFRS 9, to account for the fluctuations in market factors until final pricing is confirmed. All fair value movements after the date of sale relating to provisionally priced amounts are recognised separately within revenue as Revenue from fair value adjustments. There were no changes identified relating to the timing or amount of revenue recognition.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

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Chrome sales

Revenue from chrome sales are recognised based on the initial assayed quantity of product; prevailing market prices and exchange rates. Revenue is accounted for when control has transferred to the customer on delivery and is based on the provisional pricing value which is the amount that reflects the best estimate of the consideration to which the group expects to be entitled in terms of the calculation of revenue in line with IFRS 15 to the end of the quotational period.

Payment on chrome sales is made based on the initial assayed quantity of product and related market inputs. Adjustments to the provisional pricing value occurs at the reporting date and on finalisation of the sales transaction. A Provisional pricing derivative is recognised, in line with IFRS 9, when payment by the customer made on provisionally priced goods results in an effective overpayment due to fluctuations in market factors until final pricing is confirmed. A provisional pricing receivable is recognised when the initial payment by the customer on the provisionally priced goods resulted in an underpayment due to the fluctuations in market factors until final pricing is confirmed.

All fair value movements after the date of sale relating to provisionally priced amounts are recognised separately within revenue as Revenue from fair value adjustments. There were no changes identified relating to the timing or amount of revenue recognition.

Contract balances

Provisional pricing receivables are recognised in line with IFRS 9, when the group has satisfied its performance obligation relating to delivery of the product and has an unconditional right to the consideration that is due. This will be recognised when only the passage of time is required before payment is made by the customer. All fair value adjustments relating to the movements in this balance are recognised within revenue from fair value adjustments.

A Provisional pricing derivative is recognised in line with IFRS 9, when payment by the customer made on provisionally priced goods results in an effective overpayment due to fluctuations in market factors until final pricing is confirmed. All fair value adjustments relating to the movements in this balance are recognised within revenue from fair value adjustments.

Provisional pricing receivables are reallocated to trade and other receivables at the end of the quotational period once the consideration relating to the sale is no longer variable. The finalised consideration receivable is therefore no longer subject to fair value fluctuations.

Provisional pricing derivatives are reallocated to trade and other payables at the end of the quotational period once the consideration relating to the sale is no longer variable. The finalised consideration refundable is therefore no longer subject to fair value fluctuations.

Impact of adopting IFRS 15

The groups' base metal and chrome sale agreements contain terms which allow for price adjustments based on the market price at the end of a relevant quotational period stipulated in the contract, referred to as provisionally priced sales agreements.

Under previous accounting standards (IAS 18 and IAS 39), provisionally priced sales were considered to contain an embedded derivative, which was required to be separated from the host contract for accounting purposes from the date of delivery. Revenue was initially recognised for these arrangements at the date of delivery (which was when risks and rewards passed) and was based on the most recently determined estimate of metal in concentrate (based on initial assay results) and the estimated price which was expected to receive at the end of the quotational period, determined at the date of delivery. Subsequent changes in the fair value of the embedded derivative were recognised in profit or loss each period until the end of the quotational period, and were presented as part of revenue.

Under IFRS 15, the accounting for revenue will remain unchanged in that revenue will be recognised when control passes to the customer (which will continue to be the date of delivery) and will be measured at the amount to which the group expects to be entitled. This will be the estimate of the price expected to be received at the end of the quotational period. It will be the impact of the requirements of IFRS 9 that will lead to a changes in the disclosure of the results of the group.

While the group will continue to present such movements as part of revenue on the face of the statement of profit or loss and other comprehensive income, presentation and disclosure changes are required. This is because the movements throughout the quotational period are not within the scope of IFRS 15, and therefore required to be disclosed separately from revenue from contracts with customers within the scope of IFRS 15.

In adopting IFRS 15 in the current period, the only impact affecting the group is the disclosure requirements of revenue from contracts with customers being separately presented from other revenue items in the notes to the financial statements, as well as the expanded disclosures on disaggregated revenue in the notes to the financial statements (refer to note 3). IFRS 15 did not impact profit or loss for the period, there was no impact on the statement of cash flows, or EPS, and there was no required adjustment to the opening balance of retained earnings.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the group must determine a date of the transaction for each payment or receipt of advance consideration. The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in a foreign currency.

This interpretation did not have an impact on the condensed reviewed interim financial results.

The following new standards, interpretations and amendments to standards are not effective and have not been early adopted, but will be adopted once these new standards, interpretations and amendments become effective:

IFRS 16 Leases

The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both lessees and lessors.

IFRS 16 requires lessees to recognise most leases on their statement of financial position as lease liabilities with corresponding right-of-use assets. Lessees will apply a single model for most leases (with certain exemptions). Generally, the profit or loss recognition pattern will change as interest and depreciation expenses are recognised separately in profit or loss (similar to current finance lease accounting). However, lessees can make accounting policy elections to apply accounting similar to operating lease accounting under IAS 17 Leases to short-term leases and leases of low-value assets.

Lessor accounting is substantially unchanged from the current lease statement. As with IAS 17, IFRS 16 requires lessors to classify their leases into two types: finance leases and operating leases. Lease classification determines how and when a lessor recognises lease revenue and what assets a lessor records.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Lessees must apply IFRS 16 using either a full retrospective or a modified retrospective approach.

The group has limited lease arrangements and the impact is therefore expected to be minimal, however this is still in the process of being assessed.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

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IFRIC 23 Uncertainty over Income Tax Treatment

The IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (the Interpretation). The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The interpretation is effective for periods beginning on or after 1 January 2019.

This interpretation is currently not considered to have a material impact on the group results, however this will be assessed on a continuous basis.

Amendments to IAS 23 Borrowing costs

The amendments clarify that an entity treats, as part of general borrowings, any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019.

This amendment will be taken into account when determining general borrowing costs which can be capitalised to qualifying assets, in accordance with the transitional provisions.

Definition of a Business – Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Early application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the group will be affected by these amendments on transition.

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 and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on the group's financial statements, 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.

The amendment is effective for annual periods beginning on or after 1 January 2020.

Conceptual Framework

The IASB has revised its Conceptual Framework. 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 Board and Interpretations Committee will immediately begin using the revised Framework, and the group will consider it when needed in terms of the IAS 8 hierarchy dealing with selecting accounting policies not covered by an IFRS standard.

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

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

2. Segmental analysis

The group has two business segments, the Zondereinde mine and the Booysendal mine. The group's executive committee considers the performance of the Zondereinde and Booysendal mines when allocating resources and assessing the segmental performance.

Zambezi Platinum (RF) Limited has been included in the table below in order to reconcile the amounts to the reported statement of financial position and statement of profit or loss and other comprehensive income. Zambezi Platinum (RF) Limited is not a separate operating segment as it does not engage in business activities from which it earns revenue and/or incurs expenses. Neither are its operating results subject to regular review by the chief operating decision makers in assessing the performance of the entity.

Eland Platinum Proprietary Limited and the US recycling operations have been included in other as none of these operations currently fulfil the criteria to be separately disclosed as a segment.

Other relates to various subsidiaries, consolidation adjustments made as well as the capitalisation of borrowing costs. No segments were aggregated.

All assets of the group are South African based assets, except for the land and buildings as well as equipment held by the US subsidiaries amounting to R142.8 million (30 June 2018: R137.5 million and 31 December 2017: R140.5 million).

Segmental statement of profit or loss and other comprehensive income

	Zondereinde operating segment	Booysendal operating segment	Intercompany eliminations	Zambezi and the BEE transaction	Other	Total
6 months ended 31 December 2018	R000	R000	R000	R000	R000	R000
Sales revenue	4 819 798	1 821 513	(1 658 550)	–	–	4 982 761
Cost of sales	(4 388 300)	(1 327 598)	1 763 917	–	–	(3 951 981)
Operating costs	(2 431 456)	(1 111 618)	–	–	–	(3 543 074)
Mining operations	(1 795 460)	(815 307)	–	–	–	(2 610 767)
Concentrator operations	(195 215)	(221 845)	–	–	–	(417 060)
Smelting and base metal removal plant costs	(286 161)	–	–	–	–	(286 161)
Chrome processing	(8 135)	(17 000)	–	–	–	(25 135)
Selling and administration	(59 962)	(42 712)	–	–	–	(102 674)
Royalty charges	(14 715)	(8 618)	–	–	–	(23 333)
Share-based payment expenses and profit share scheme	(71 808)	(6 136)	–	–	–	(77 944)
Concentrates purchased	(1 704 598)	(48 014)	1 658 550	–	–	(94 062)
Refining including sampling and handling charges	(71 902)	–	–	–	–	(71 902)
Depreciation and write-offs	(84 638)	(167 991)	867	–	–	(251 762)
Change in metal inventory	(95 706)	25	104 500	–	–	8 819
Operating profit	431 498	493 915	105 367	–	–	1 030 780
Share of earnings from associate	–	–	–	–	6 174	6 174
Investment income	30 231	3 512	–	16	(9 767)	23 992
Finance charges excluding preference share dividends	(199 676)	(8 020)	–	(1)	106 548	(101 149)
Net foreign exchange transaction gains/(losses)	7 057	(408)	–	–	–	6 649
Sundry income	29 190	8 346	–	–	1 699	39 235
Sundry expenditure	(130 148)	(33 084)	–	(2)	(46 826)	(210 060)
Profit before preference share dividends	168 152	464 261	105 367	13	57 828	795 621
Amortisation of liquidity fees paid on preference shares	–	–	–	(8 195)	–	(8 195)
Preference share dividends	–	–	–	(611 761)	–	(611 761)
Profit/(loss) before tax	168 152	464 261	105 367	(619 943)	57 828	175 665
Tax	(46 885)	(126 011)	(29 503)	(4)	(37 099)	(239 502)
Profit/(loss) for the period	121 267	338 250	75 864	(619 947)	20 729	(63 837)

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Segmental statement of profit or loss and other comprehensive income continued

6 months ended 31 December 2017	Zondereinde operating segment R000	Booysendal operating segment R000	Intercompany eliminations R000	Zambezi and the BEE transaction R000	Other R000	Total R000
Sales revenue	3 151 036	1 414 522	(1 212 288)	–	–	3 353 270
Cost of sales	(2 995 443)	(1 184 011)	1 164 957	–	–	(3 014 497)
Operating costs	(2 125 616)	(1 004 111)	–	–	–	(3 129 727)
Mining operations	(1 621 033)	(765 458)	–	–	–	(2 386 491)
Concentrator operations	(174 149)	(172 826)	–	–	–	(346 975)
Smelting and base metal removal plant costs	(178 227)	–	–	–	–	(178 227)
Chrome processing	(12 600)	(6 572)	–	–	–	(19 172)
Selling and administration	(56 792)	(26 792)	–	–	–	(83 584)
Royalty charges	(8 624)	(6 930)	–	–	–	(15 554)
Share-based payment expenses and profit share scheme	(74 191)	(25 533)	–	–	–	(99 724)
Concentrates purchased	(1 613 811)	(28 529)	1 212 288	–	–	(430 052)
Refining including sampling and handling charges	(56 563)	–	–	–	–	(56 563)
Depreciation and write-offs	(71 823)	(147 160)	866	–	–	(218 117)
Change in metal inventory	872 370	(4 211)	(48 197)	–	–	819 962
Operating profit	155 593	230 511	(47 331)	–	–	338 773
Share of earnings from associate	–	–	–	–	6 428	6 428
Investment income	30 877	4 821	–	(14 724)	7 886	28 860
Finance charges excluding preference share dividends	(43 164)	(9 009)	–	–	26 641	(25 532)
Net foreign exchange transition (losses)/gains	(8 477)	274	–	–	–	(8 203)
Sundry income	51 480	4 742	(450)	–	105 649	161 421
Sundry expenditure	(44 709)	(19 989)	450	(1)	(119 492)	(183 741)
Profit/(loss) before preference share dividends	141 600	211 350	(47 331)	(14 725)	27 112	318 006
Amortisation of liquidity fees paid on preference shares	–	–	–	(8 195)	–	(8 195)
Preference share dividends	–	–	–	(546 145)	85 383	(460 762)
Profit/(loss) before tax	141 600	211 350	(47 331)	(569 065)	112 495	(150 951)
Tax	(78 910)	(63 126)	–	(5)	9 219	(132 822)
Profit/(loss) for the period	62 690	148 224	(47 331)	(569 070)	121 714	(283 773)

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS
continued

Segmental statement of profit or loss and other comprehensive income continued

	Zondereinde operating segment	Booysendal operating segment	Intercompany eliminations	Zambezi and the BEE transaction	Other	Total
12 months ended 30 June 2018	R000	R000	R000	R000	R000	R000
Sales revenue	7 142 893	3 034 874	(2 625 586)	–	–	7 552 181
Cost of sales	(6 787 469)	(2 509 516)	2 568 118	–	–	(6 728 867)
Operating costs	(4 240 251)	(2 077 749)	–	–	–	(6 318 000)
Mining operations	(3 254 293)	(1 538 405)	–	–	–	(4 792 698)
Concentrator operations	(353 861)	(353 461)	–	–	–	(707 322)
Smelting and base metal removal plant costs	(417 828)	–	–	–	–	(417 828)
Chrome processing	(21 344)	(53 721)	–	–	–	(75 065)
Selling and administration	(106 331)	(82 411)	–	–	–	(188 742)
Royalty charges	(12 119)	(14 795)	–	–	–	(26 914)
Share-based payment expenses and profit share scheme	(76 980)	(30 364)	–	–	–	(107 344)
Rehabilitation	2 505	(4 592)	–	–	–	(2 087)
Concentrates purchased	(3 963 939)	(72 153)	2 625 586	–	–	(1 410 506)
Refining including sampling and handling charges	(123 840)	–	–	–	–	(123 840)
Depreciation and write-offs	(152 041)	(291 556)	1 732	–	–	(441 865)
Change in metal inventory	1 692 602	(68 058)	(59 200)	–	–	1 565 344
Operating profit	355 424	525 358	(57 468)	–	–	823 314
Share of earnings from associate	–	–	–	–	4 162	4 162
Investment income	63 761	4 550	–	35	(15 713)	52 633
Finance charges excluding preference share dividends	(210 428)	(18 603)	–	–	160 550	(68 481)
Net foreign exchange transaction gains/(losses)	4 135	(1 767)	–	–	–	2 368
Sundry income	86 685	9 096	–	–	121 224	217 005
Sundry expenditure	(70 341)	(131 861)	11 074	(1)	(189 815)	(380 944)
Profit/(loss) before preference share dividends	229 236	386 773	(46 394)	34	80 408	650 057
Amortisation of liquidity fees paid on preference shares	–	–	–	(16 390)	–	(16 390)
Preference share dividends	–	–	–	(1 106 684)	–	(1 106 684)
Loss on derecognition of preference share liability	–	–	–	(8)	–	(8)
Profit/(loss) before tax	229 236	386 773	(46 394)	(1 123 048)	80 408	(473 025)
Tax	(86 624)	(109 287)	13 611	(10)	(49 663)	(231 973)
Profit/(loss) for the year	142 612	277 486	(32 783)	(1 123 058)	30 745	(704 998)

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS
continued

Segmental statement of financial position

31 December 2018	Zondereinde operating segment R000	Booysendal operating segment R000	Intercompany eliminations R000	Zambezi and the BEE transaction R000	Other R000	Total R000
Assets						
Non-current assets	17 821 991	14 753 828	(20 503 162)	6 917 510	1 446 135	20 436 302
Property, plant and equipment	3 943 979	8 177 999	–	–	1 154 577	13 276 555
Mining properties and mineral resources	1 128 681	6 437 702	(954 583)	–	139 230	6 751 030
Investment held in escrow	–	2 301	–	–	16 673	18 974
Interest in associate	–	–	–	–	41 320	41 320
Investment in subsidiaries	12 351 835	–	(12 351 835)	–	–	–
Investments in Northam Platinum Limited	–	–	(6 917 510)	6 917 510	–	–
Other investment	279 234	–	(279 234)	–	–	–
Land and township development	26 205	31 257	–	–	7 287	64 749
Long term receivables	12 225	3 683	–	–	70 662	86 570
Investments held by Northam Platinum Restoration Trust Fund	57 517	57 556	–	–	–	115 073
Environmental Guarantee Investment	22 315	7 315	–	–	3 926	33 556
Buttonshope Conservancy Trust	–	–	–	–	12 460	12 460
Long term prepayments	–	36 015	–	–	–	36 015
Current assets	4 758 324	287 749	(672 876)	474	110 727	4 484 398
Short term subsidiary loan	611 933	–	(611 933)	–	–	–
Inventories	3 290 537	192 251	(60 943)	–	4 717	3 426 562
Trade and other receivables	308 978	79 420	–	8	21 723	410 129
Cash and cash equivalents	543 287	13 372	–	466	82 535	639 660
Tax receivable	3 589	2 706	–	–	1 752	8 047
Total assets	22 580 315	15 041 577	(21 176 038)	6 917 984	1 556 862	24 920 700
Equity and liabilities						
Total equity	9 308 857	11 813 561	(10 885 153)	(3 610 005)	702 467	7 329 727
Stated capital	13 778 114	8 675 932	(9 141 679)	–	465 747	13 778 114
Treasury shares	–	–	(6 556 123)	–	–	(6 556 123)
(Accumulated loss)/retained earnings	(5 653 094)	635 874	7 623 793	(3 610 005)	228 873	(774 559)
Foreign currency translation reserve	–	–	–	–	7 847	7 847
Other comprehensive income	10 081	–	(10 081)	–	–	–
Non distributable reserves	–	2 501 755	(2 501 755)	–	–	–
Equity settled share-based payment reserve	1 173 756	–	(299 308)	–	–	874 448
Non-current liabilities	10 904 314	2 170 784	(9 678 952)	10 527 988	441 328	14 365 462
Deferred tax liability	750 674	1 906 314	(1 761 427)	80 951	84 122	1 060 634
Long term provisions	138 100	175 552	–	–	357 100	670 752
Preference share liability	–	–	(381 581)	10 447 037	–	10 065 456
Long term loan	122 658	55 064	–	–	–	177 722
Long term share-based payment liability	43 783	33 854	–	–	106	77 743
Financial guarantee liability	7 535 944	–	(7 535 944)	–	–	–
Domestic medium term notes	174 414	–	–	–	–	174 414
Revolving credit facility	2 138 741	–	–	–	–	2 138 741
Current liabilities	2 367 144	1 057 232	(611 933)	1	413 067	3 225 511
Current portion of long term loans	16 896	7 644	–	–	–	24 540
Current portion of domestic medium term notes	1 247 288	–	–	–	–	1 247 288
Short term share-based payment liability	31 376	19 276	–	–	–	50 652
Tax payable	–	–	–	1	85	86
Subsidiary loans	–	362 502	(611 933)	–	249 431	–
Trade and other payables	867 663	622 240	–	–	162 893	1 652 796
Provisional pricing derivatives	4 704	3 402	–	–	–	8 106
Short term provisions	199 217	42 168	–	–	658	242 043
Total equity and liabilities	22 580 315	15 041 577	(21 176 038)	6 917 984	1 556 862	24 920 700

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Segmental statement of financial position continued

31 December 2017	Zondereinde operating segment R000	Booysendal operating segment R000	Intercompany eliminations R000	Zambezi and the BEE transaction R000	Other R000	Total R000
Assets						
Non-current assets	16 843 462	13 379 262	(21 517 093)	8 358 258	569 875	17 633 764
Property, plant and equipment	3 367 918	6 694 778	–	–	282 528	10 345 224
Mining properties and mineral resources	1 131 720	6 462 415	(954 583)	–	138 071	6 777 623
Interest in associate	–	–	–	–	37 412	37 412
Investment in subsidiaries	11 936 089	–	(11 936 089)	–	–	–
Investments in Northam Platinum Limited	–	–	(8 358 258)	8 358 258	–	–
Other investment	268 163	–	(268 163)	–	–	–
Land and township development	33 811	12 085	–	–	11 742	57 638
Long term receivables	–	–	–	–	79 405	79 405
Investments held by Northam Platinum Restoration Trust Fund	50 159	56 065	–	–	–	106 224
Environmental Guarantee Investment	55 602	13 690	–	–	3 405	72 697
Buttonshope Conservancy Trust	–	–	–	–	11 857	11 857
Long term prepayments	–	140 229	–	–	–	140 229
Deferred tax asset	–	–	–	–	5 455	5 455
Current assets	4 590 683	1 228 738	(2 254 245)	462	136 311	3 701 949
Short term subsidiary loan	1 211 030	889 117	(2 099 803)	–	(344)	–
Inventories	2 555 689	163 500	(154 442)	–	–	2 564 747
Trade and other receivables	566 877	160 137	–	25	30 081	757 120
Cash and cash equivalents	257 087	15 984	–	437	105 725	379 233
Tax receivable	–	–	–	–	849	849
Total assets	21 434 145	14 608 000	(23 771 338)	8 358 720	706 186	21 335 713
Equity and liabilities						
Total equity	9 117 379	11 346 049	(11 699 895)	(1 242 413)	286 890	7 808 010
Stated capital	13 778 114	8 675 932	(8 725 932)	–	50 000	13 778 114
Treasury shares	–	–	(6 556 123)	–	–	(6 556 123)
(Accumulated loss)/retained earnings	(5 854 282)	168 362	6 403 014	(1 242 413)	237 148	(288 171)
Non distributable reserves	–	2 501 755	(2 501 755)	–	–	–
Equity settled share-based payment reserve	1 173 756	–	(299 308)	–	–	874 448
Other comprehensive income	19 791	–	(19 791)	–	–	–
Foreign currency translation reserve	–	–	–	–	(258)	(258)
Non-current liabilities	10 418 044	1 967 436	(9 971 639)	9 601 122	(33 193)	11 981 770
Deferred tax liability	686 924	1 733 707	(2 072 375)	403 678	(33 193)	718 741
Long term provisions	148 597	172 010	–	–	–	320 607
Preference share liability	–	–	(363 320)	9 197 444	–	8 834 124
Long term loan	98 225	34 690	–	–	–	132 915
Long term share-based payment liability	36 032	27 029	–	–	–	63 061
Financial guarantee liability	7 535 944	–	(7 535 944)	–	–	–
Domestic medium term debt notes	421 978	–	–	–	–	421 978
Revolving credit facility	1 490 344	–	–	–	–	1 490 344
Current liabilities	1 898 722	1 294 515	(2 099 804)	11	452 489	1 545 933
Current portion of long term loans	13 434	4 248	–	–	–	17 682
Short term share-based payment liability	56 388	35 618	(1)	–	–	92 005
Tax payable	6 186	924	–	11	38	7 159
Subsidiary loans	889 117	828 037	(2 099 803)	–	382 649	–
Trade and other payables	752 701	412 359	–	–	69 802	1 234 862
Provisional pricing derivatives	9 778	2 414	–	–	–	12 192
Short term provisions	171 118	10 915	–	–	–	182 033
Total equity and liabilities	21 434 145	14 608 000	(23 771 338)	8 358 720	706 186	21 335 713

Segmental statement of financial position continued

30 June 2018	Zondereinde operating segment R000	Booysendal operating segment R000	Intercompany eliminations R000	Zambezi and the BEE transaction R000	Other R000	Total R000
Assets						
Non-current assets	17 554 936	13 944 299	(19 421 368)	5 865 332	1 165 745	19 108 944
Property, plant and equipment	3 658 338	7 325 181	–	–	890 627	11 874 146
Mining properties and mineral resources	1 130 284	6 450 459	(954 583)	–	139 230	6 765 390
Interest in associate	–	–	–	–	35 146	35 146
Investment in subsidiaries	12 351 835	–	(12 351 835)	–	–	–
Investments in Northam Platinum Limited	–	–	(5 865 332)	5 865 332	–	–
Other investment	249 618	–	(249 618)	–	–	–
Land and township development	45 444	12 085	–	–	8 151	65 680
Long term receivables	8 451	2 581	–	–	75 865	86 897
Investments held by Northam Platinum Restoration Trust Fund	55 333	55 293	–	–	–	110 626
Environmental Guarantee Investment	55 633	9 092	–	–	4 174	68 899
Buttonshope Conservancy Trust	–	–	–	–	12 203	12 203
Long term prepayments	–	89 608	–	–	–	89 608
Deferred tax asset	–	–	–	–	349	349
Current assets	4 765 438	334 314	(511 596)	474	126 460	4 715 090
Short term subsidiary loan	99 225	–	(99 225)	–	–	–
Inventories	3 381 744	170 494	(165 443)	–	–	3 386 795
Trade and other receivables	993 403	160 088	(246 928)	6	17 516	924 085
Cash and cash equivalents	280 916	372	–	468	106 946	388 702
Tax receivable	10 150	3 360	–	–	1 998	15 508
Total assets	22 320 374	14 278 613	(19 932 964)	5 865 806	1 292 205	23 824 034
Equity and liabilities						
Total equity	9 177 508	11 475 312	(9 970 890)	(3 952 855)	657 604	7 386 679
Stated capital	13 778 114	8 675 932	(9 141 679)	–	465 747	13 778 114
Treasury shares	–	–	(6 556 123)	–	–	(6 556 123)
(Accumulated loss)/retained earnings	(5 774 362)	297 625	8 527 975	(3 952 855)	192 221	(709 396)
Foreign currency translation reserve	–	–	–	–	(364)	(364)
Non distributable reserves	–	2 501 755	(2 501 755)	–	–	–
Equity settled share-based payment reserve	1 173 756	–	(299 308)	–	–	874 448
Non-current liabilities	10 197 831	2 041 603	(9 615 921)	9 818 650	390 104	12 832 267
Deferred tax liability	700 878	1 781 431	(1 706 827)	–	49 312	824 794
Long term provisions	131 793	167 543	–	–	340 792	640 128
Preference share liability	–	–	(373 150)	9 818 650	–	9 445 500
Long term loan	123 176	58 887	–	–	–	182 063
Long term share-based payment liability	45 257	33 742	–	–	–	78 999
Financial guarantee liability	7 535 944	–	(7 535 944)	–	–	–
Domestic medium term notes	174 288	–	–	–	–	174 288
Revolving credit facility	1 486 495	–	–	–	–	1 486 495
Current liabilities	2 945 035	761 698	(346 153)	11	244 497	3 605 088
Current portion of long term loans	16 896	7 644	–	–	–	24 540
Current portion of domestic medium term notes	1 243 440	–	–	–	–	1 243 440
Short term share-based payment liability	44 604	33 736	–	–	–	78 340
Tax payable	–	–	–	11	106	117
Subsidiary loans	–	198 978	(346 153)	–	147 175	–
Trade and other payables	1 368 964	497 800	–	–	96 438	1 963 202
Provisional pricing derivatives	–	2 773	–	–	–	2 773
Bank overdraft	95 228	–	–	–	307	95 535
Short term provisions	175 903	20 767	–	–	471	197 141
Total equity and liabilities	22 320 374	14 278 613	(19 932 964)	5 865 806	1 292 205	23 824 034

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

3. Sales revenue

Revenue can be disaggregated into the following:

	Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018
	R000	R000	R000
Revenue from contracts with customers	5 057 786	3 311 544	7 478 259
Revenue from fair value adjustments with regards to IFRS 9	(75 025)	41 726	73 922
Total sales revenue	4 982 761	3 353 270	7 552 181

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers

Sale of base metals and chrome

Contract terms for the group's sale of base metals and chrome allow for a price adjustment based on final assay results to determine the final metal content. These are referred to as provisional pricing arrangements, and are such that the selling price is based on prevailing spot prices on a specified future date after shipment to the customer (the quotational period (QP)). Adjustments to the sales price occur based on movements in quoted market prices as well as final assay results. The period between provisional invoicing and final invoicing can be between one to four months.

Revenue is recognised at the estimated fair value of the total consideration received or receivable when the concentrate is delivered, which is either when it passes to the buyers trucks or delivered to the customers premises.

This requirement has an impact on disclosure in the current period as the group previously recognised fair value movements in revenue without separately disclosing revenue from contracts with customers.

Any subsequent adjustments relating to pricing adjustments are accounted for separately within revenue as fair value adjustments with regards to IFRS 9.

IFRS 15 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and entities will be required to account for these in accordance with IFRS 9.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Impact of IFRS 15 on the restated consolidated statement of financial position

The disclosure in the current period has been amended retrospectively to ensure all comparative information is appropriately presented to the users of financial statements. The extracts of the affected line items in the consolidated financial statements would appear as follows after the retrospective amendment:

	Previously presented audited 12 months ended 30 June 2017	IFRS 15 adjustments	Restated 1 July 2017
	R000	R000	R000
Trade and other payables	(1 268 172)	64 576	(1 203 596)
Provisional pricing derivatives	–	(64 576)	(64 576)

	Previously presented reviewed 6 months ended 31 December 2017	IFRS 15 adjustments	Restated 31 December 2017
	R000	R000	R000
Trade and other receivables	742 131	14 989	757 120
Trade and other payables	(1 232 065)	(2 797)	(1 234 862)
Provisional pricing derivatives	–	(12 192)	(12 192)

	Previously presented audited 12 months ended 30 June 2018	IFRS 15 adjustments	Restated 30 June 2018
	R000	R000	R000
Trade and other payables	(1 965 975)	2 773	(1 963 202)
Provisional pricing derivatives	–	(2 773)	(2 773)

Impact of the adoption of IFRS 15 on the per share financial performance of the group

No change was required in the calculation or timing of revenue recognised for the period or previous periods/years, the adoption of IFRS 15 therefore only had an impact on the disclosure requirements of the group.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Revenue from external customers per metal and per segment

	Zondereinde operations	Booysendal operations	Intercompany eliminations	Total
	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2018**	**Reviewed 6 months ended 31 December 2018**	**Reviewed 6 months ended 31 December 2018**
	R000	R000	R000	R000
Platinum	2 107 108	674 659	(674 659)	2 107 108
Palladium	1 351 288	480 126	(480 126)	1 351 288
Rhodium	703 689	338 706	(338 706)	703 689
Gold	76 224	17 212	(17 212)	76 224
Iridium	163 944	59 206	(59 206)	163 944
Ruthenium	116 297	56 288	(56 288)	116 297
Silver	1 015	–	–	1 015
Nickel	125 427	26 608	(26 608)	125 427
Copper	38 098	5 745	(5 745)	38 098
Cobalt	5 903	–	–	5 903
Chrome	130 805	162 963	–	293 768
	4 819 798	1 821 513	(1 658 550)	4 982 761

Zondereinde purchases all of Booysendal's concentrate, for a percentage of the fair value, except for chrome which is sold directly to third party customers.

Revenue from external customers per region and per segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations	Booysendal operations	Total
	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2018**	**Reviewed 6 months ended 31 December 2018**
	R000	R000	R000
Europe	2 186 600	–	2 186 600
Japan	928 359	–	928 359
Asia	130 805	162 963	293 768
North America	1 197 310	–	1 197 310
South Africa	376 724	–	376 724
	4 819 798	162 963	4 982 761

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Revenue from external customers per metal and per segment

	Zondereinde operations Reviewed 6 months ended 31 December 2017	Booysendal operations Reviewed 6 months ended 31 December 2017	Intercompany eliminations Reviewed 6 months ended 31 December 2017	Total Reviewed 6 months ended 31 December 2017
	R000	R000	R000	R000
Platinum	1 588 452	618 998	(618 998)	1 588 452
Palladium	788 906	330 641	(330 641)	788 906
Rhodium	312 876	162 738	(162 738)	312 876
Gold	46 843	10 710	(10 710)	46 843
Iridium	90 970	30 405	(30 405)	90 970
Ruthenium	36 483	24 717	(24 717)	36 483
Silver	784	–	–	784
Nickel	91 314	28 542	(28 542)	91 314
Copper	24 526	5 537	(5 537)	24 526
Cobalt	3 942	–	–	3 942
Chrome	165 940	202 234	–	368 174
	3 151 036	1 414 522	(1 212 288)	3 353 270

Zondereinde purchases all of Booysendal's concentrate, for a percentage of the fair value, except for chrome which is sold directly to third party customers.

Revenue from external customers per region and per segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations Reviewed 6 months ended 31 December 2017	Booysendal operations Reviewed 6 months ended 31 December 2017	Total Reviewed 6 months ended 31 December 2017
	R000	R000	R000
Europe	1 397 951	–	1 397 951
Japan	588 414	–	588 414
Asia	165 940	202 234	368 174
North America	580 994	–	580 994
South Africa	417 737	–	417 737
	3 151 036	202 234	3 353 270

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Revenue from external customers per metal and per segment

	Zondereinde operations	Booysendal operations	Intercompany eliminations	Total
	Audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2018
	R000	R000	R000	R000
Platinum	3 466 598	1 286 051	(1 286 051)	3 466 598
Palladium	1 723 269	666 754	(666 754)	1 723 269
Rhodium	814 506	399 885	(399 885)	814 506
Gold	110 050	37 821	(37 821)	110 050
Iridium	182 978	66 740	(66 740)	182 978
Ruthenium	116 580	69 374	(69 374)	116 580
Silver	1 650	–	–	1 650
Nickel	257 760	83 664	(83 664)	257 760
Copper	65 547	15 297	(15 297)	65 547
Cobalt	10 691	–	–	10 691
Chrome	393 264	409 288	–	802 552
	7 142 893	3 034 874	(2 625 586)	7 552 181

Zondereinde purchases all of Booysendal's concentrate, for a percentage of the fair value, except for chrome which is sold directly to third party customers.

Revenue from external customers per region and per segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations	Booysendal operations	Total
	Audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2018
	R000	R000	R000
Europe	2 967 616	–	2 967 616
Japan	1 306 910	–	1 306 910
Asia	393 264	409 288	802 552
North America	1 584 056	–	1 584 056
South Africa	891 047	–	891 047
	7 142 893	409 288	7 552 181

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

4. Operating costs

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Labour	1 561 803	1 094 552	2 306 559
Stores	977 611	636 027	1 355 946
Utilities	454 188	381 020	785 861
Sundries and contractors	549 472	1 018 128	1 869 634
	3 543 074	3 129 727	6 318 000

Operating costs per segment

	Zondereinde operations	Booysendal operations	Total
	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2018
	R000	R000	R000
Labour	1 152 175	409 628	1 561 803
Stores	621 623	355 988	977 611
Utilities	366 168	88 020	454 188
Sundries and contractors	291 490	257 982	549 472
	2 431 456	1 111 618	3 543 074

Percentage breakdown of operating costs per segment

	Zondereinde operations	Booysendal operations	Total
	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2018
	%	%	%
Labour	47.4	36.9	44.1
Stores	25.5	32.0	27.6
Utilities	15.1	7.9	12.8
Sundries and contractors	12.0	23.2	15.5
	100.0	100.0	100.0

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Operating costs per segment

	Zondereinde operations Reviewed 6 months ended 31 December 2017	Booysendal operations Reviewed 6 months ended 31 December 2017	Total Reviewed 6 months ended 31 December 2017
	R000	R000	R000
Labour	1 024 071	70 481	1 094 552
Stores	557 139	78 888	636 027
Utilities	313 270	67 750	381 020
Sundries and contractors	231 136	786 992	1 018 128
	2 125 616	1 004 111	3 129 727

Percentage breakdown of operating costs per segment

	Zondereinde operations Reviewed 6 months ended 31 December 2017	Booysendal operations Reviewed 6 months ended 31 December 2017	Total Reviewed 6 months ended 31 December 2017
	%	%	%
Labour	48.2	7.0	35.0
Stores	26.2	7.9	20.3
Utilities	14.7	6.7	12.2
Sundries and contractors	10.9	78.4	32.5
	100.0	100.0	100.0

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Operating costs per segment

	Zondereinde operations Audited 12 months ended 30 June 2018	Booysendal operations Audited 12 months ended 30 June 2018	Total Audited 12 months ended 30 June 2018
	R000	R000	R000
Labour	2 034 063	272 496	2 306 559
Stores	1 122 180	233 766	1 355 946
Utilities	642 276	143 585	785 861
Sundries and contractors	441 732	1 427 902	1 869 634
	4 240 251	2 077 749	6 318 000

Percentage breakdown of operating costs per segment

	Zondereinde operations Audited 12 months ended 30 June 2018	Booysendal operations Audited 12 months ended 30 June 2018	Total Audited 12 months ended 30 June 2018
	%	%	%
Labour	48.0	13.1	36.5
Stores	26.5	11.3	21.5
Utilities	15.1	6.9	12.4
Sundries and contractors	10.4	68.7	29.6
	100.0	100.0	100.0

Labour costs in terms of the contracting mining at the Booysendal operations were included in sundries and contractors costs and not in labour costs. With the changeover to owner operator mining, in May 2018, all labour costs will be disclosed as such in future years.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

5. Investment income

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Interest received on cash and cash equivalents	6 115	12 414	21 536
Dividend income received from short-term investments	1 825	5 434	7 450
Interest received from suspensive sale agreements	4 160	4 623	8 940
Interest received relating to the Northam Platinum Restoration Trust Fund	6 277	3 991	8 393
Interest received by the Buttonshope Conservancy Trust	402	375	822
Deemed interest on the interest free home loans	873	400	943
Interest received from the South African Revenue Service	4 340	1 623	4 549
	23 992	28 860	52 633

6. Finance charges excluding preference share dividends

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Finance costs relating to the domestic medium term notes	(81 096)	(25 851)	(68 264)
Finance costs relating to the revolving credit facility	(96 846)	(13 561)	(110 868)
Amounts capitalised in terms of IAS 23 Borrowing costs (refer note 11)	124 538	39 412	179 132
Commitment fees on borrowing facilities	(5 503)	(4 747)	(7 535)
Amortisation of the transaction costs relating to the domestic medium term notes (refer note 22)	(3 974)	(897)	(2 729)
Amortisation of the transaction costs relating to the revolving credit facility (refer note 23)	(2 657)	(859)	(2 548)
Unwinding of rehabilitation liability (refer note 19)	(30 624)	(15 778)	(32 381)
Unwinding of a research and development liability (refer note 21)	(3 229)	–	(10 118)
Other financial liabilities	(1 758)	(3 251)	(13 170)
	(101 149)	(25 532)	(68 481)

7. Sundry income

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Treatment charges in respect of concentrate purchased	–	15 285	45 174
Rent received	3 961	4 167	8 093
Sale of scrap	5 411	2 782	14 751
Profit on sale of property, plant and equipment	3 898	–	–
Accommodation and housing income	18 609	482	8 794
Environmental guarantee investment income	4 203	468	189
Management fees received from associate	1 080	1 080	4 698
Corporate action once-off income	–	134 816	134 816
Other	2 073	2 341	490
	39 235	161 421	217 005

8. Sundry expenditure

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Corporate and once-off project costs	(47 846)	(37 081)	(96 474)
Booysendal land management	(2 264)	(2 966)	(5 218)
Booysendal South care and maintenance costs	(11 045)	(12 449)	(31 139)
Eland care and maintenance as well as project costs	(50 974)	(86 667)	(106 565)
Accommodation and housing expenses	(21 108)	(4 356)	(13 467)
Black Economic Empowerment Trust operating costs	(1 839)	(2 309)	(3 222)
Administrative costs relating to Zambezi Platinum (RF) Limited	(814)	(976)	(1 655)
Loss on sale of property, plant and equipment	–	(5 471)	(4 706)
Recycling operation care and maintenance costs including depreciation charges	(10 145)	(5 620)	(12 176)
Transition costs	–	–	(86 405)
Environmental guarantee cost	–	–	(5 536)
Other (refer note 29)	(64 025)	(25 846)	(14 381)
	(210 060)	(183 741)	(380 944)

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

9. Tax

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Income tax			
Current non-mining income tax charge	3 041	4 784	10 235
Adjustment in respect of current income tax of previous years	–	–	(17 679)
Dividend withholding tax			
Current period/year withholding tax	272	635	855
Deferred tax			
Current and prior period/year deferred tax charge	236 189	127 403	238 562
	239 502	132 822	231 973

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

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	%	%	%
South African normal tax rate	28.0	28.0	28.0
Adjustment in respect of current income tax of previous years	–	–	(3.7)
Exempt income received	(2.5)	2.4	0.4
Expenditure and contingencies incurred which is non-deductible	2.2	(7.4)	(8.3)
Contribution received for capital assets	–	(26.4)	(8.4)
Corporate action income	–	18.5	–
Amortisation of liquidity fees paid on preference shares	1.3	(1.5)	(1.0)
Deferred tax asset not raised	9.8	(16.1)	9.5
Preference share dividends disallowed	97.5	(85.5)	(65.5)
	136.3	(88.0)	(49.0)

The utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of taxable temporary differences. Therefore, no deferred tax asset relating to the temporary difference of R234.1 million (30 June 2018: R172.7 million and 31 December 2017: R50.0 million) has been raised relating to Eland Platinum Proprietary Limited and the US recycling operation.

10. Reconciliation of headline loss per share

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Loss for the period/year	(63 837)	(283 773)	(704 998)
(Profit)/loss on sale of property, plant and equipment	(3 898)	5 471	4 706
Tax effect on above	1 091	(1 532)	(1 318)
Headline loss	(66 644)	(279 834)	(701 610)
Loss per share – cents	(18.2)	(81.1)	(201.5)
Fully diluted loss per share – cents	(18.2)	(81.1)	(201.5)
Headline loss per share – cents	(19.0)	(80.0)	(200.5)
Fully diluted headline loss per share – cents	(19.0)	(80.0)	(200.5)
Dividends per share	–	–	–
Weighted average number of shares in issue	349 875 759	349 875 759	349 875 759
Fully diluted number of shares in issue	349 875 759	349 875 759	349 875 759
Number of shares in issue	509 781 212	509 781 212	509 781 212
Treasury shares in issue	159 905 453	159 905 453	159 905 453
Shares in issue adjusted for treasury shares	349 875 759	349 875 759	349 875 759

11. Property, plant and equipment

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	General infrastructure asset including other assets	Decommis-sioning asset	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000
Cost							
Opening balance as at 1 July 2017	7 053 033	2 591 172	517 903	286 945	173 026	1 347 597	11 969 676
Transfers between asset classes	(147 562)	3 246	29 623	183 048	–	(68 355)	–
Amounts transferred from non-current prepayments	–	–	–	–	–	379 545	379 545
Additions	32 139	–	112 160	33 779	–	1 153 475	1 331 553
Contribution received for capital assets	–	–	–	–	–	(303 106)	(303 106)
Transfer from assets under construction	280 480	17 414	4 201	18 289	–	(320 384)	–
Disposals and write-offs	–	–	–	(80 145)	–	–	(80 145)
Borrowing costs capitalised	–	–	–	–	–	124 795	124 795
Closing cost as at 31 December 2017	7 218 090	2 611 832	663 887	441 916	173 026	2 313 567	13 422 318
Transfer between asset classes	126 759	23 219	(14 238)	(204 095)	–	68 355	–
Amounts transferred from non-current prepayments	–	–	–	–	–	69 947	69 947
Additions	21 799	67 657	53 985	36 966	–	1 098 431	1 278 838
Transfer from assets under construction	151 429	872 079	42 576	156 356	–	(1 222 440)	–
Disposals and write-offs	–	(47 682)	(453)	(34 678)	–	–	(82 813)
Present value of decommissioning asset capitalised	–	–	–	–	295 362	–	295 362
Borrowing costs capitalised	–	–	–	–	–	98 607	98 607
Closing cost as at 30 June 2018	7 518 077	3 527 105	745 757	396 465	468 388	2 426 467	15 082 259
Foreign currency translation movements	–	2 679	11 507	–	–	–	14 186
Transfer to land and township development	–	–	(16 766)	–	–	–	(16 766)
Amounts transferred from non-current prepayments	–	–	–	–	–	229 584	229 584
Additions	90 886	–	4 954	53 456	–	1 164 852	1 314 148
Transfer from assets under construction	254 198	72 842	4 448	13 959	–	(345 447)	–
Disposals and write-offs	(20 911)	–	–	(300)	–	–	(21 211)
Borrowing costs capitalised	–	–	–	–	–	124 538	124 538
Closing cost as at 31 December 2018	7 842 250	3 602 626	749 900	463 580	468 388	3 599 994	16 726 738

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	General infrastructure asset including other assets	Decommis-sioning asset	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000
Accumulated depreciation							
Opening balance as at 1 July 2017	(1 937 688)	(653 171)	(162 566)	(161 226)	(32 765)	–	(2 947 416)
Transfer between asset classes	84 917	9 190	(9 898)	(84 209)	–	–	–
Depreciation	(133 079)	(47 135)	(7 424)	(14 092)	(2 581)	–	(204 311)
Disposals and write-offs	–	–	–	74 633	–	–	74 633
Accumulated balance as at 31 December 2017	(1 985 850)	(691 116)	(179 888)	(184 894)	(35 346)	–	(3 077 094)
Transfer between asset classes	(462)	–	–	462	–	–	–
Depreciation	(137 469)	(46 847)	(7 716)	(15 259)	(2 213)	–	(209 504)
Disposals and write-offs	–	43 942	453	34 090	–	–	78 485
Accumulated balance as at 30 June 2018	(2 123 781)	(694 021)	(187 151)	(165 601)	(37 559)	–	(3 208 113)
Foreign currency translation movements	–	–	(5 608)	–	–	–	(5 608)
Depreciation	(154 398)	(59 950)	(10 945)	(13 398)	(1 711)	–	(240 402)
Disposals and write-offs	3 680	–	105	155	–	–	3 940
Accumulated balance as at 31 December 2018	(2 274 499)	(753 971)	(203 599)	(178 844)	(39 270)	–	(3 450 183)
Net book value as at 31 December 2017	5 232 240	1 920 716	483 999	257 022	137 680	2 313 567	10 345 224
Net book value as at 30 June 2018	5 394 296	2 833 084	558 606	230 864	430 829	2 426 467	11 874 146
Net book value as at 31 December 2018	5 567 751	2 848 655	546 301	284 736	429 118	3 599 994	13 276 555

A register containing the information required by regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the company.

Significant judgements and estimates: Capitalisation of borrowing costs in terms of IAS 23

IAS 23 Borrowing costs requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset (whether or not the funds have been borrowed specifically). These borrowing costs are included in the cost of the asset, all other borrowing costs are recognised as an expense in the period in which they occur.

IAS 23 defines a qualifying asset as an asset that necessarily takes a substantial period of time to get ready for its intended use. IAS 23 does not define substantial period of time and this will therefore require the exercise of judgement after considering the specific facts and circumstances. Northam regards an asset that normally takes 12 months or more to be ready for its intended use to be a qualifying asset.

Previously two projects were designated as qualifying assets, being the furnace construction of the new 20MW furnace at Zondereinde and the development of Booysendal South.

With the commissioning of the new 20MW furnace at Zondereinde in December 2017 capitalisation of borrowing costs in the company accounts were ceased. However the development of Booysendal South is still continuing and hence borrowing costs have been capitalised on consolidation at the average cost of borrowings, taking into account the cost of borrowings for the revolving credit facility, the various domestic medium term notes issued and the Zambezi Platinum (RF) Limited preference shares.

Borrowing costs were capitalised at the weighted average cost of borrowing of 12.77% (30 June 2018: 13.30% and 31 December 2017: 13.75%).

An amount of R124.5 million (30 June 2018: R223.4 million and 31 December 2017: R124.8 million) was capitalised during the period/year.

12. Mining properties and mineral resources

	Current production mineral reserves and resources	Project mineral reserves and resources	Total
	R000	R000	R000
Cost			
Opening balance as at 1 July 2017	1 007 942	4 888 826	5 896 768
Correction of prior period error: reclassification from interest in associate	–	136 230	136 230
Restated opening balance as at 1 July 2017	1 007 942	5 025 056	6 032 998
Additions	1 018 857	–	1 018 857
Restated closing balance as at 31 December 2017	2 026 799	5 025 056	7 051 855
Transfer between classes	(990)	990	–
Additions	–	2 010	2 010
Restated closing balance as at 30 June 2018	2 025 809	5 028 056	7 053 865
Additions	355	–	355
Closing balance as at 31 December 2018	2 026 164	5 028 056	7 054 220
Accumulated depreciation			
Opening balance as at 1 July 2017	(260 426)	–	(260 426)
Depreciation	(13 806)	–	(13 806)
Closing balance as at 31 December 2017	(274 232)	–	(274 232)
Depreciation	(14 243)	–	(14 243)
Closing balance as at 30 June 2018	(288 475)	–	(288 475)
Depreciation	(14 715)	–	(14 715)
Closing balance as at 31 December 2018	(303 190)	–	(303 190)
Restated net book value as at 31 December 2017	1 752 567	5 025 056	6 777 623
Restated net book value as at 30 June 2018	1 737 334	5 028 056	6 765 390
Net book value as at 31 December 2018	1 722 974	5 028 056	6 751 030

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Prior period error: reclassification of Dwaalkop between investment in associates and mining properties and mineral resources

Previously the group consolidated financial statements disclosed R136.2 million as the group's interest in the Dwaalkop Joint Arrangement as part of interest in associates. This balance relates to mining rights that are jointly held by Mvelaphanda Resources Proprietary Limited (a subsidiary of Northam Platinum Limited) and Lonmin plc. The amount should therefore have been disclosed under mining properties and mineral resources in the groups consolidated financial statements.

The Joint Arrangement meets the accounting requirements for recognition as a Joint Operation and as such, all assets and liabilities relating to Dwaalkop should be included in the group consolidated financial statements.

The disclosure in the current period has been amended retrospectively to ensure all comparative information is appropriately presented to the users of the financial statements. The extracts of the affected line items in the consolidated financial statements of Northam would appear as follows after the retrospective amendment:

	Previously stated 30 June 2017	Correction of error through reclassification	Restated balance 1 July 2017
	R000	R000	R000
Mining properties and mineral resources	5 636 342	136 230	5 772 572
Interest in associate	167 214	(136 230)	30 984

	Previously stated 30 June 2018	Correction of error through reclassification	Restated balance 30 June 2018
	R000	R000	R000
Mining properties and mineral resources	6 629 160	136 230	6 765 390
Interest in associate	171 376	(136 230)	35 146

	Previously stated 31 December 2017	Correction of error through reclassification	Restated balance 31 December 2017
	R000	R000	R000
Mining properties and mineral resources	6 641 393	136 230	6 777 623
Interest in associate	173 642	(136 230)	37 412

The amendment does not have any impact on the group consolidated statement of profit or loss and other comprehensive income as it is purely a reclassification from one asset class to another.

The R136.2 million allocated to mining properties and mineral resources relates to Northam Platinum Limited's share of the Dwaalkop mineral resource. The Dwaalkop mineral resource includes portions of the farms Dwaalkop, Rooibokbult and Turfpan. The deposit has the potential to be developed into an open stope retreat mining operation.

All mineral reserves and resources are amortised using the unit of production method. The mineral reserves and resources relating to Dwaalkop are currently not being mined, and therefore no amortisation has been accounted for in the current or previous periods.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

Significant judgements and estimates: Impairment of assets and assessment of cash generating units

The group assesses, at each reporting date, whether there are indications that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's 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 recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets then the recoverable amount is determined for the CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of CGUs and estimates of projected cash flows. Management's analysis of CGUs involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously-recognised impairment loss should be reversed.

In assessing recoverable values, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining recoverable values, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded companies or other available fair value indicators.

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. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value.

The group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The determined value of the recoverable value is most sensitive to commodity prices, the US dollar exchange rate and the discount rate. Other judgements made by management include: total capital expenditure, operating costs, production levels, inflation factors and life of mine.

The following key assumptions were made by management, which are based on management interpretation of market forecast for the future.

		Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
Long-term real platinum price	USD/oz	1 298	1 286	1 298
Long-term real palladium price	USD/oz	1 298	1 286	1 298
Long-term real rhodium price	USD/oz	2 678	1 356	2 678
Long-term real gold price	USD/oz	1 160	1 123	1 205
Long-term real ruthenium prices	USD/oz	292	63	292
Long-term real iridium prices	USD/oz	1 071	863	893
Long-term real nickel prices	USD/t	12 368	10 579	12 912
Long-term real copper prices	USD/t	5 801	5 841	6 248
Long-term chrome prices	USD/t	200	180	179
Long-term real exchange rate USD	USD/ZAR	R12.45	R13.46	R12.35
Long-term real discount rate	%	12.40	12.90	12.30

All the above estimates are subject to risks and uncertainties including the achievement of mine plans, future metal prices and exchange rates.

Management also estimated the recoverable amount of mineral resources (based on the *in situ* 4E available ounces) outside the approved mine plans.

For those assets, the recoverable amount is calculated on a fair value less cost of disposal basis taking into account earlier binding sales agreements between market participants as well as the market capitalisation of platinum exploration companies relative to their resources base. Below is the value that has been attributable to the recoverable value of mineral resources (based on the *in situ* 4E available ounces):

		Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
4E *in situ* available ounce value	USD/oz	1.98	2.16	2.00

Based on the impairment assessment performed by management, the recoverable values of all CGU's are higher than the carrying value and therefore no impairment required.

Significant judgements and estimates: Ore reserve and mineral resource estimates (life of mine)

The estimation of reserves impacts depreciation and the recoverable value of assets.

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources, based on information compiled by appropriately-qualified persons, relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the orebody. Changes in the reserve estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, recognition of deferred tax assets (if any), and depreciation and amortisation charges. The group estimates and reports ore reserves in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2016 (SAMREC 2016).

Factors impacting the determination of proven and probable reserves are:

- the grade of mineral reserves may vary between estimations made and actual grade achieved
- commodity prices estimations will be different to those actually achieved
- changes in discount rates and foreign exchange rate assumptions
- unforeseen changes in operating, mining, processing and refining costs.

Cognisance is also given to the mining licence tenure of the operations when the life of mine calculation is performed.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS
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13. Interest in associate

Interest in associate comprise a 30% interest in SSG Holdings Proprietary Limited. The investment in SSG Holdings Proprietary Limited is accounted for as an associate.

	Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* 1 July 2017
	R000	R000	R000	R000
SSG Holdings Proprietary Limited	41 320	37 412	35 146	30 984
	41 320	37 412	35 146	30 984

* Restated as a result of the prior period error (refer note 12)

The investment in associate is considered significant.

Below is a reconciliation of the interest in associate:

	Interest in Dwaalkop	SSG Holdings Proprietary Limited	Total
	R000	R000	R000
Opening balance as at 1 July 2017	136 230	30 984	167 214
Correction of prior period error: reclassification to mining properties and mineral resources	(136 230)	–	(136 230)
Restated opening balance as at 1 July 2017	–	30 984	30 984
Share of profits from associate	–	6 428	6 428
Restated closing balance as at 31 December 2017	–	37 412	37 412
Share of losses from associate	–	(2 266)	(2 266)
Restated closing balance as at 30 June 2018	–	35 146	35 146
Share of profits from associate	–	6 174	6 174
Closing balance as at 31 December 2018	–	41 320	41 320

Below is a reconciliation of the value in the investment in associate based on the equity method to the carrying value of the investment:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Net asset value of SSG Holdings Proprietary Limited	66 847	53 819	46 265
Northam Platinum Limited's 30% share of net asset value	20 054	16 146	13 880
At acquisition fair value adjustment	10 717	10 717	10 717
Subsequent fair value adjustment with the increase in shareholding from 20% to 30% and the conversion of a loan to an equity investment	10 549	10 549	10 549
Value of investment in associate based on the equity method of accounting	41 320	37 412	35 146

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

The investment in the Pandora joint venture was classified as a non-current asset held for sale effective 1 July 2016, after conclusion of a sales transaction with Lonmin plc. The transaction was concluded during the previous financial year. Below is a summary of the amounts previously classified as non-current assets held for sale:

	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
	R000	R000	R000
Opening balance	–	49 222	49 222
Cash calls paid	–	1 347	1 347
Amounts received at the transaction date	–	(50 569)	(50 569)
Total non-current assets held for sale	–	–	–

Northam Platinum Limited was still responsible for contributing to cash calls from the Pandora joint venture in terms of the sales agreement concluded. Contributions made from 1 January 2017 to the transaction date, being 30 November 2017, were refunded by Eastern Platinum Limited, a subsidiary of Lonmin plc, in terms of the sales agreement. All other cash calls had to be written off.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

14. Long-term receivables

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Long-term receivables with regards to suspensive sale agreements	75 993	88 013	82 887
Interest free home loans	19 798	8 343	13 514
	95 791	96 356	96 401
Current portion of suspensive sale agreements (refer note 17)	(6 279)	(8 608)	(8 022)
Current portion of interest free home loans (refer note 17)	(2 942)	(8 343)	(1 482)
	86 570	79 405	86 897

Long-term receivables comprise balances due by employees in respect of Northam's employee home ownership scheme under suspensive sale agreements and interest free home loans provided to qualifying employees.

The suspensive sale agreement loans to the employees bear interest at prime and are repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such time as the loan is paid off, the title to the houses will be transferred to the employees.

The interest free home loans are non-interest bearing loans provided to qualifying employees. These loans are repayable over a maximum of 20 years from grant date. The average remaining repayment period is between 10 and 20 years. These loans are secured by a second bond over the residential properties.

As at 31 December 2018 there was R4.7 million (30 June 2018: R1.7 million and 31 December 2017: R1.5 million) worth of suspensive sale agreements which were impaired and fully provided for.

The table below summarises the payment terms of the company and group's long term receivables:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Current portion	9 221	16 951	9 504
Due within 1 – 5 years	36 978	31 674	35 251
Due within 5 – 10 years	43 629	44 966	46 072
More than 10 years	5 963	2 765	5 574
	95 791	96 356	96 401

The interest free home loans are neither past due nor impaired. Monthly instalments relating to the interest free home loans are deducted from employees' salaries on a monthly basis. Should an employee resign, the interest free home loan needs to be settled in full.

With regards to the suspensive sale agreements the table below summarises the age analysis of these suspensive sale agreements:

	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
	R000	R000	R000
Neither past due nor impaired	75 993	86 416	82 587
30 to 60 days	–	36	13
60 to 90 days	–	63	25
More than 90 days	–	1 498	252
	75 993	88 013	82 887

Significant judgements and estimates: IFRS 9 Judgements and estimates – Long term receivables and the Expected Credit Losses (ECL)

An assessment of the expected credit losses relating to long term receivables was undertaken upon implementation of IFRS 9 in the current period. The balance of outstanding long term receivable amounts relating to the suspensive sale agreements were examined and the expected amounts which were considered to be unrecoverable based on the impairment policy of the group were provided for in the current period.

For all suspensive sale agreements, legal title to the houses remain with the group until full and final payment has been made. The houses therefore serve as security for these loans. In most instances the value of the security is more than the value of the outstanding loan balance relating to the suspensive sale agreements.

The following specific judgements and estimates were applied by management in determining the amount impaired in the current period.

- All overdue amounts as at the end of the current period were provided for in full. These were included in stage 1 of the impairment assessment model based on the general approach.
- For the suspensive sale agreement balances on which defaults had occurred in the current period, the next 12 months expected repayments were also provided for in full as these are expected to default in the foreseeable future.
- Any suspensive sale agreement which were handed over to the group's lawyers for legal processing, due to defaults on the loan payments, were excluded from the calculation of the expected losses due to the market value of the houses being higher than the outstanding balances of these default loans. These loans are not expected to incur further losses as the houses can be sold on the open market and the loan balances therefore recovered.

15. Long-term prepayments

In terms of the aerial ropeway manufacturer agreement with Doppelmayr Transport Technology GmbH, prepayments for both the North and South aerial ropeway conveyor system had to be made in terms of the manufacturing costs.

	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
	R000	R000	R000
Opening balance	89 608	336 409	336 409
Amounts paid to Doppelmayr Transport Technology GmbH	175 991	183 365	202 691
Amounts transferred to property, plant and equipment (refer note 11)	(229 584)	(379 545)	(449 492)
	36 015	140 229	89 608

16. Inventories

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Metals on hand and in transit			
Platinum	1 344 892	1 325 309	1 611 709
Palladium	857 252	708 858	851 336
Rhodium	947 309	384 993	674 197
Gold	62 381	33 756	61 056
Total metal inventories	3 211 834	2 452 916	3 198 298
Consumables at cost	214 728	111 831	188 497
Total inventories at the lower of cost and net realisable value	3 426 562	2 564 747	3 386 795

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Breakdown of total metal inventories			
Ore stockpile inventory	493 883	342 400	348 930
Concentrate in process	240 540	132 997	295 487
Concentrate before the smelter	204 169	762 226	919 639
Recycling material	4 717	–	–
Smelter inventory (including reverts)	1 489 294	604 326	1 021 334
Base metal removal plant inventory	188 720	119 415	112 669
Inventory at the precious metal refinery	529 983	460 872	496 287
Finished product inventory on hand	60 528	30 680	3 952
	3 211 834	2 452 916	3 198 298

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	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	oz	oz	oz
Metals inventory quantities on hand and in transit			
Platinum	132 293	130 466	152 590
Palladium	62 088	63 672	74 768
Rhodium	32 212	24 806	29 171
Gold	4 013	2 284	4 033
	230 606	221 228	260 562

The metals above include ore stockpiles, in process metal as well as finished goods. Metal inventory is allocated as follows:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	oz	oz	oz
Metals inventory quantities in the various pipeline phases			
Ore stockpile inventory	35 471	30 881	28 427
Concentrate in process	17 276	11 995	24 073
Concentrate before the smelter	14 664	68 745	74 922
Recycling material	267	–	–
Smelter inventory (including reverts)	106 963	54 504	83 207
Base metal removal plant inventory	13 554	10 770	9 179
Inventory at the precious metal refinery	38 063	41 566	40 432
Finished product inventory on hand	4 348	2 767	322
	230 606	221 228	260 562

The cost of sales figure disclosed in the statement of profit or loss and other comprehensive income approximates the cost of inventory expensed.

Included in the cost of sales are metals on hand that were written down by R43.6 million (30 June 2018: R156.5 million and 31 December 2017: R92.7 million) to net realisable value. Inventory to the value of R944.4 million (30 June 2018: R535.8 million and 31 December 2017: R985.0 million) is disclosed at net realisable value.

Inventory in the pipeline is considered to be approximately 80 000 – 90 000 metal oz at the current run rate.

All inventory over and above pipeline material is considered excess inventory. No inventories are encumbered.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

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Significant judgements and estimates: Net realisable value and measurement of inventory

Work in progress metal inventory is valued at the lower of net realisable value and the average cost of production less net revenue from sales of by-products in the ratio of the contribution of these metals to gross sales revenue. Production costs are allocated to platinum, palladium, rhodium and gold (joint products) by dividing the mine output into total mine production costs, determined on a six-month rolling average basis except for concentrates purchased which is recognised in the month in which it is purchased and not on a six-month rolling average. The quantity of ounces of joint products in work in progress is calculated based on the following factors: Theoretical inventory is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period. The inputs and outputs include estimates due to the delay in finalising analytical values. The estimates are subsequently trued up to the final metal accounting quantities when available. The theoretical inventory is then converted to a refined equivalent inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.

The nature of the production process inherently limits the ability to precisely measure recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the variables used in the process are refined based on actual results over time.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained 4E ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method.

Stockpile tonnages are verified by independent third party surveyors.

Net realisable value tests are performed on a monthly basis and represent the expected selling prices which are based on prevailing market prices of the product, less estimated costs to complete production and to bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Below is a summary of the commodity prices and exchange rate used to determine the net realisable value of inventories:

		Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
Platinum price	USD/oz	789	910	865
Palladium price	USD/oz	1 259	1 035	959
Rhodium price	USD/oz	2 500	1 628	2 250
Gold price	USD/oz	1 259	1 268	1 265
Exchange rate	USD/ZAR	R14.36	R12.37	R13.73

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17. Trade and other receivables

	Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000
Trade receivables	57 254	157 110	321 334	184 063
Provisional pricing receivables	149 845	164 176	217 799	99 083
Accrued dividends and interest on cash and cash equivalent	4 974	2 982	3 564	11 989
Prepayments	30 364	28 599	47 022	44 797
Deposits	4 541	3 024	4 233	2 889
South African Revenue Service – Value Added Tax	124 169	320 566	234 270	143 775
South African Revenue Service - amounts receivable relating to the Mineral and Petroleum Resources Royalty	2 890	17 927	1 174	17 258
Current portion of suspensive sale agreements (refer note 14)	6 279	8 608	8 022	7 334
Current portion of interest free home loans to employees (refer note 14)	2 942	8 343	1 482	6 367
Other	26 871	45 785	85 185	31 442
	410 129	757 120	924 085	548 997

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 day terms except for Platinum Group Metal debtors who have payment terms of between 2 to 5 days. No balance was provided for or impaired during the current period/year (30 June 2018 and 31 December 2017: R Nil).

Provisional pricing receivables

Base metal and chrome sales allow for price adjustments based on the market price at the end of the relevant quotational period stipulated in the sales agreements. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after delivery to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the quotational period. The period between provisional invoicing and the end of the quotational period can be between one and four months.

Provisional pricing receivables are non-interest bearing, but are exposed to future commodity price movements over the quotational period and measured at fair value up until the date of settlement. Provisional pricing receivables are initially measured at the amount which the group expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period.

The full value of the provisional invoice relating to chrome sales is received in cash a month after delivery, any negative movement in the chrome price could therefore results in amounts required to be refunded to the customer (refer note 24 and 25).

For all other base metal sales payment is only due after the end of the quotational period.

18. Cash and cash equivalents

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Cash at bank and on hand	22 736	67 018	9 310
Restricted cash	97 759	96 100	97 708
Short-term deposits	519 165	216 115	281 684
Cash and cash equivalents	639 660	379 233	388 702
Less bank overdraft	–	–	(95 535)
Cash and cash equivalents as per the statement of cash flows	639 660	379 233	293 167

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the group and earn interest at the respective short-term deposit rates.

The weighted average effective interest rate was 7.4% (30 June 2018: 6.9% and 31 December 2017 6.0%) and these deposits are all immediately available (30 June 2018: immediately available and 31 December 2017: have a maximum maturity of 90 days).

At 31 December 2018 the group had R850.0 million (30 June 2018: R1.5 billion and 31 December 2017: R500.0 million) of undrawn committed borrowing facilities.

Restricted cash includes a guarantee of R23.0 million (30 June 2018 and 31 December 2017: R23.0 million) relating to an electricity supply agreement between Northam Platinum Limited and Eskom Holdings SOC Limited. Restricted cash also includes money ring-fenced for the benefit of the Northam Employee Trust, the Northam Zondereinde Community Trust, the Northam Booysendal Community Trust and Zambezi Platinum (RF) Limited which may only be spent in terms of the various Trust Deeds and Memorandum of Incorporation.

For the purposes of the statement of cash flows, cash and cash equivalents comprise both the cash and cash equivalents balance as well as the overdraft.

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19. Long-term provisions

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Rehabilitation provision opening balance	640 128	304 829	304 829
Recognition of a decommissioning liability (note 11)	–	–	335 323
Change in estimate relating to the decommissioning costs (note 11)	–	–	(39 961)
Change in estimate relating to the restoration costs	–	–	2 087
Recognition of a restoration liability	–	–	5 469
Unwinding of discount (note 6)	30 624	15 778	32 381
	670 752	320 607	640 128
Below is a breakdown of the rehabilitation provision:			
Provision for decommissioning costs			
Balance at the beginning of the period/year	569 761	248 047	248 047
Recognition of a decommissioning liability (note 11)	–	–	335 323
Change in estimate relating to the decommissioning costs (note 11)	–	–	(39 961)
Unwinding of discount (note 6)	27 256	12 839	26 352
	597 017	260 886	569 761
Provision for restoration costs			
Balance at the beginning of the period/year	70 367	56 782	56 782
Recognition of a restoration liability	–	–	5 469
Change in estimate	–	–	2 087
Unwinding of discount (note 6)	3 368	2 939	6 029
	73 735	59 721	70 367
Total rehabilitation provision	670 752	320 607	640 128
The rehabilitation provision is made up of the provisions relating to:			
Northam Platinum Limited (Zondereinde)	138 100	148 597	131 793
Booysendal Platinum Proprietary Limited	175 552	172 010	167 543
Eland Platinum Proprietary Limited	357 100	–	340 792
	670 752	320 607	640 128

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The South African National Environmental Management Act 107 of 1998, as well as the Mineral and Petroleum Resources Development Act no 28 of 2002 (MPRDA), which applies to all prospecting and mining operations, requires that operations are carried out in accordance with generally accepted principles of sustainable development. It is a MPRDA requirement that an applicant for a mining right must make prescribed financial provision for the rehabilitation or management of negative environmental impacts, which must be reviewed annually.

In terms of, *inter alia*, the MPRDA, mining operations are required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities.

Below is a breakdown of the rehabilitation and decommissioning liabilities of the various operations:

	Zondereinde operations	**Booysendal operations**	**Eland operations**	**Total**
	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2018**	**Reviewed 6 months ended 31 December 2018**	**Reviewed 6 months ended 31 December 2018**
	R000	R000	R000	R000
Provision for decommissioning cost				
Balance at the beginning of the period	100 119	134 319	335 323	569 761
Unwinding of discount	4 790	6 420	16 046	27 256
	104 909	140 739	351 369	597 017
Provision for restoration costs				
Balance at the beginning of the period	31 674	33 224	5 469	70 367
Unwinding of discount	1 517	1 589	262	3 368
	33 191	34 813	5 731	73 735
Total rehabilitation and decommissioning liability provision	138 100	175 552	357 100	670 752

	Zondereinde operations	**Booysendal operations**	**Eland operations**	**Total**
	Reviewed 6 months ended 31 December 2017	**Reviewed 6 months ended 31 December 2017**	**Reviewed 6 months ended 31 December 2017**	**Reviewed 6 months ended 31 December 2017**
	R000	R000	R000	R000
Provision for decommissioning cost				
Balance at the beginning of the period	110 385	137 662	–	248 047
Unwinding of discount	5 714	7 125	–	12 839
	116 099	144 787	–	260 886
Provision for restoration costs				
Balance at the beginning of the period	30 899	25 883	–	56 782
Unwinding of discount	1 599	1 340	–	2 939
	32 498	27 223	–	59 721
Total rehabilitation and decommissioning liability provision	148 597	172 010	–	320 607

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

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	Zondereinde operations	Booysendal operations	Eland operations	Total
	Audited 12 months ended 30 June 2018	**Audited 12 months ended 30 June 2018**	**Audited 12 months ended 30 June 2018**	**Audited 12 months ended 30 June 2018**
	R000	R000	R000	R000
Provision for decommissioning cost				
Balance at the beginning of the year	110 385	137 662	–	248 047
Recognition of a decommissioning liability	–	–	335 323	335 323
Change in estimate relating to the decommissioning costs	(21 991)	(17 970)	–	(39 961)
Unwinding of discount	11 725	14 627	–	26 352
	100 119	134 319	335 323	569 761
Provision for restoration costs				
Balance at the beginning of the year	30 899	25 883	–	56 782
Recognition of a restoration liability	–	–	5 469	5 469
Change in estimate	(2 505)	4 592	–	2 087
Unwinding of discount	3 280	2 749	–	6 029
	31 674	33 224	5 469	70 367
Total rehabilitation and decommissioning liability provision	131 793	167 543	340 792	640 128

The rehabilitation provision represents the present value of rehabilitation and decommissioning costs relating to mine sites, which is expected to be incurred in subsequent years. These provisions have been based on assessments prepared by a third party independent expert, SRK Consulting (South Africa) Proprietary Limited.

The present value of the environmental restoration obligation was determined by applying a pre-tax discount rate of 9.8% (30 June 2018: 9.8% and 31 December 2017: 10.62%) and a long-term inflation rate of 7.2% (30 June 2018: 7.2% and 31 December 2017: 8.71%) over the remaining life of the various mines.

Actual rehabilitation and decommissioning costs will ultimately depend upon future market prices for necessary rehabilitation works which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will likely depend on when the various operations cease to produce at economically-viable rates which will, in turn, depend on future commodity prices and exchange rates, which are inherently uncertain.

Northam Platinum Limited's mining activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. Northam Platinum Limited has incurred, and expects to incur in future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such expenditures. Estimated future rehabilitation costs are based on current legal and regulatory requirements.

On 20 November 2015, the National Environmental Management Act No. 107 of 1998 (NEMA) Financial Provisioning Regulations, 2015 were promulgated, resulting in significant changes from the requirements contained in the MPRDA.

The 2015 Regulations were immediately applicable to applicants for a prospecting right, mining permit, mining right, exploration right or production right (i.e. new applicants). Holders of a right and permit were allowed to choose the transitional period, being either within three months of their financial year end or 15 months from promulgation of the 2015 Regulations. Due to an outcry from the minerals industry around the practical implications of complying within such a limited time frame, holders and holders of a right and permit were granted an extended transitional period of 39 months from date of promulgation and now have until 19 February 2020 to comply.

The group is evaluating the implications of the release of the financial provision regulations under NEMA and intends to comply with the new financial provision regulations.

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At the reporting date the net unfunded future obligations were as follows, based on the current Department of Mineral Resources requirements:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Undiscounted obligation based on the Department of Mineral Resources	492 319	281 082	475 211
Less funds held by the Northam Platinum Restoration Trust Fund	(115 073)	(106 224)	(110 626)
Less environmental guarantees	(401 418)	(273 615)	(401 418)
Total overfunded rehabilitation obligation in terms of current legislation	(24 172)	(98 757)	(36 833)

The future value of the environmental obligation could either be paid over to the Northam Platinum Restoration Trust Fund over the remaining life of the various operations, or through other financial provisions, insurance or financial products as approved by the Department of Mineral Resources in terms of legislation.

Going forward the environmental obligation will be financed, either by way of guarantees or other insurance products and not through cash contributions to the Northam Platinum Restoration Trust Fund, due to the uncertainty created by changes in legislation.

The group has procured the issue of guarantees in respect of the unfunded decommissioning and restoration costs, not covered by the investment held through the Northam Platinum Restoration Trust Fund. Below is a summary of the various guarantees issued:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Northam Platinum Limited (Zondereinde)			
GR/G/20396/0312/0031	31 000	31 000	31 000
GR/G/20396/0314/165	18 000	18 000	18 000
GR/G/20396/0315/0231	18 000	18 000	18 000
GR/G/20396/0617/0454	35 000	35 000	35 000
CQ/G/30381/1217/003	28 807	28 807	28 807
GR/G/20396/0618/0544	11 543	–	11 543
Booysendal Platinum Proprietary Limited			
GR/G/20396/0311/0011	65 900	65 900	65 900
GR/G/20396/0315/0232	25 000	25 000	25 000
GR/G/20396/0317/0433	–	50 000	–
GR/G/20396/0417/0434	1 908	1 908	1 908
GR/G/20396/0517/0459	2 085	–	2 085
GR/G/02396/0618/0535	2 267	–	2 267
GR/G/02396/0618/0536	1 267	–	1 267
Eland Platinum Proprietary Limited			
CQ/G/30381/0118/004	129 545	–	129 545
CQ/G/30381/0118/005	31 096	–	31 096
	401 418	273 615	401 418

20. Preference share liability

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Opening balance	9 818 651	8 636 558	8 636 558
Accrued preference share dividends	628 387	560 887	1 182 093
Preference shares liability relating to Zambezi Platinum (RF) Limited	10 447 038	9 197 445	9 818 651
Derecognition of Zambezi Platinum (RF) Limited preference shares through the investment in the preference shares together with the accrued dividends	(276 410)	(241 759)	(259 784)
Liquidity fees relating to the Black Economic Empowerment transaction	(113 367)	(129 757)	(129 757)
Amortisation of liquidity fee for the period/year	8 195	8 195	16 390
	10 065 456	8 834 124	9 445 500

On 18 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' time (from inception), which will be May 2025, at R41 per share plus the cumulative preference dividends. The 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.

The preference rights, limitations and other terms associated with the Zambezi Platinum (RF) Limited preference shares are set out in the Zambezi Platinum (RF) Limited Memorandum of Incorporation.

The redeemable preference shares do not carry the right to vote.

Subscription undertakings for the full value of the preference shares were secured at a 2.5% liquidity fee.

The liquidity fees are amortised over the 10-year lock-in period.

Northam Platinum Limited has purchased some of the redeemable preference shares in the open market in previous years. Below is a summary of the number of shares held together with the amortised cost value of these Zambezi Platinum (RF) Limited preference shares:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
Number of Zambezi Platinum (RF) Limited preference shares held (preference share code ZPLP)	4 230 819	4 203 184	4 230 819
Amortised cost value per share	R65.3326	R57.5180	R61.4028

Below is a reconciliation of the accrued dividends as per the preference share liability relating to Zambezi Platinum (RF) Limited and the amounts recognised in profit or loss:

	Reviewed 6 months ended 31 December 2018	**Reviewed 6 months ended 31 December 2017**	**Audited 12 months ended 30 June 2018**
	R000	R000	R000
Accrued dividends	628 387	560 887	1 182 093
Less interest capitalised to property, plant and equipment in terms of IAS 23 Borrowing costs	–	(85 383)	(44 270)
Less dividends accrued to Northam Platinum Limited with regards to the preference shares owned	(16 626)	(14 742)	(31 139)
Preference share dividends per the statement of profit or loss and other comprehensive income	611 761	460 762	1 106 684

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21. Long-term loans

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Security of supply contribution	123 630	75 913	131 200
Heraeus Deutschland GmbH & Co. KG	78 632	74 684	75 403
Total term loans	202 262	150 597	206 603
Current portion of security of supply contribution	(15 140)	(8 282)	(15 140)
Current portion of Heraeus Deutschland GmbH & Co. KG	(9 400)	(9 400)	(9 400)
Long term portion	177 722	132 915	182 063

The security of supply contribution relates to amounts received to guarantee the supply of future product for a period of 10 years. These amounts will be recognised over the 10-year supply period, commencing 2017.

In terms of an agreement entered into with Heraeus Deutschland GmbH & Co. KG an annual payment of R9.4 million is made for development and research costs for a period of 20 years. A liability was recognised at contract inception, being 16 April 2016. The liability is measured at the present value of the R9.4 million payments over 20 years using the prevailing South African prime interest rate. The contra side of the entry was included as a cost to the furnace.

The present value of these annual payments amounted to R78.6 million (30 June 2018 R75.4 million and 31 December 2017: R74.7 million) and is included in the table above.

22. Domestic medium term notes

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Non-current domestic medium term notes			
Domestic medium term notes (NHM002)	175 000	175 000	175 000
Transaction costs relating to the NHM002 issue	(1 256)	(1 256)	(1 256)
Amortisation of transaction costs over 60 months	670	419	544
	174 414	174 163	174 288
Domestic medium term notes (NHM003)	–	250 000	250 000
Transaction costs relating to the NHM003 issue	–	(4 627)	(4 627)
Amortisation of transaction costs over 36 months	–	2 442	3 213
Transfer to current domestic medium term notes	–	–	(248 586)
	–	247 815	–
Total non-current domestic medium term notes	174 414	421 978	174 288
Current domestic medium term notes			
Transfer from non-current domestic medium term notes	–	–	248 586
Domestic medium term notes (NHM003)	250 000	–	–
Transaction costs relating to the NHM003 issue	(4 627)	–	–
Amortisation of transaction costs over 36 months	3 984	–	–
Domestic medium term notes (NHM003)	249 357	–	248 586
Domestic medium term notes (NHM004)	450 000	–	450 000
Transaction costs relating to the NHM004 issue	(2 778)	–	(2 778)
Amortisation of transaction costs over 12 months	1 949	–	538
	449 171	–	447 760
Domestic medium term notes (NHM005)	550 000	–	550 000
Transaction costs relating to the NHM005 issue	(3 304)	–	(3 304)
Amortisation of transaction costs over 12 months	2 064	–	398
	548 760	–	547 094
Total current domestic medium term notes	1 247 288	–	1 243 440
Total domestic medium term notes	1 421 702	421 978	1 417 728

On 13 May 2016, Northam issued NHM002, R175.0 million's worth of five-year senior unsecured fixed rate notes under the domestic medium term notes (DMTN) programme. The notes bear a fixed coupon of 13.50% per annum, payable semi-annually in May and November of every year, and will be redeemed on 12 May 2021 and are therefore disclosed as non-current. These funds were used for general corporate purposes.

The Industrial Development Corporation of South Africa Limited subscribed to NHM003 for R250.0 million, three-year senior unsecured floating rate notes under the DMTN programme on 10 June 2016. The notes attract a floating coupon rate of 3-month JIBAR plus 390 basis points, payable on a quarterly basis in September, December, March and June of every year for a three-year period and will mature on 9 June 2019. These notes are therefore stated as current. The proceeds were applied for the development of the Booysendal expansion project.

During the previous financial year, Northam issued NHM004 (20 April 2018) and NHM005 (18 May 2018), one-year senior unsecured fixed rate notes. The notes bear a fixed coupon of 11.0% per annum, payable on the redemption date. These notes are therefore stated as current.

Transaction costs are amortised over the period of the financial liability.

Refer to the related party note (note 28) for various guarantees issued by group companies relating to the notes issued.

These notes were issued under the R2.0 billion DMTN programme dated 3 August 2012.

23. Revolving credit facility

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Opening balance	1 500 000	–	–
Amounts drawn down on the revolving credit facility	650 000	1 500 000	2 000 000
Amounts repaid during the period/year	–	–	(500 000)
Total facility utilised at period/year end	2 150 000	1 500 000	1 500 000
Transaction costs incurred	(17 466)	(11 518)	(17 055)
Amortisation of transaction costs of the various facilities	6 207	1 862	3 550
	2 138 741	1 490 344	1 486 495

The group has a revolving credit facility with Nedbank Limited. A facility of R2.0 billion has been issued, effective from November 2016 for a period of 60 months. Commitment fees are payable on the revolving credit facility amounting to 0.99% per annum on the unutilised portion of the facility.

During the previous financial year, an additional R1.0 billion facility was negotiated for a period of 24 months effective 18 April 2018 with all other terms and conditions remaining the same as the original facility.

Subsequent to period/year end an amount of R200.0 million was drawn down on the facility.

Interest accrues at JIBAR plus 3.30% on any outstanding loan balance.

The revolving credit facility is disclosed as non-current as Northam Platinum Limited has the discretion, to refinance or roll over the outstanding facility for at least 12 months after the period/year-end under the existing loan facility.

Refer to the related party note (note 28) for various guarantees issued by group companies relating to the revolving credit facility.

24. Trade and other payables

	Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000
Trade payables	734 008	493 436	590 045	503 007
Provisional pricing payables	69 000	14 989	27 967	58 226
Accruals	264 311	359 433	875 656	337 386
Capital accruals	75 362	79 208	84 978	29 977
South African Revenue Service – Value Added Tax	13 996	10 597	15 920	11 024
Accrued interest and commitment fees	87 543	18 792	52 684	5 741
Employee related accruals	337 286	192 921	248 645	193 690
Other	71 290	65 486	67 307	64 545
	1 652 796	1 234 862	1 963 202	1 203 596

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers

Trade payables and accruals are unsecured, non-interest bearing and generally settled on 30-day terms.

25. Provisional pricing derivatives

	Reviewed 6 months ended 31 December 2018	Restated* 6 months ended 31 December 2017	Restated* 12 months ended 30 June 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000
Provisional pricing derivatives	8 106	12 192	2 773	64 576
	8 106	12 192	2 773	64 576

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers

Provisional pricing derivatives relate to amounts received in advance for chrome deliveries during the quotation period. Therefore any negative movement in the chrome price subsequent to payment being received will result in a payable to the customer as reflected above.

Subsequent to the quotational period the selling price is finalised and any amount that is required to be refunded is accounted for as a provisional pricing payable (refer to note 24).

26. Fair value

The fair value of financial instruments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using other valuation techniques.

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

Management applies the established fair value hierarchy that categorises the inputs into valuation techniques used to measure fair value into three levels:

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 following financial instruments have a fair value different from their carrying amount:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Preference share liability			
Carrying value (refer note 20)	(10 065 456)	(8 834 124)	(9 445 500)
Fair value	(10 274 526)	(9 933 805)	(9 184 803)

The preference share liability is classified as level 2 due to the low level of activity in the South African debt market.

The fair value of the preference share liability has been determined by reference to the closing price of the preference shares on the debt market at period/year-end:

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
Zambezi Platinum (RF) Limited (preference share code ZPLP) closing preference share price	R66.00	R63.80	R59.00
Number of preference shares held in the open market	155 674 634	155 702 269	155 674 634

27. Commitments

	Reviewed 6 months ended 31 December 2018	Reviewed 6 months ended 31 December 2017	Audited 12 months ended 30 June 2018
	R000	R000	R000
Capital expenditure – Booysendal mine			
Authorised but not contracted	–	6 579	981 666
Contracted for the current period	424 196	756 190	318 334
	424 196	762 769	1 300 000
Capital expenditure - Zondereinde mine			
Authorised but not contracted	44 374	186 197	430 424
Contracted	119 579	181 550	119 576
	163 953	367 747	550 000
Capital expenditure - Eland mine			
Authorised but not contracted	59 445	–	200 000
Contracted	108 319	–	–
	167 764	–	200 000
Information Technology - outsource service provided			
Due within one year	25 948	15 754	18 370
Due within two to five years	–	1 091	–
	25 948	16 845	18 370
Operating lease rentals - office equipment			
Due within one year	3 695	3 725	3 884
Due within two to five years	2 186	4 840	3 939
	5 881	8 565	7 823
Operating lease rentals – premises as lessee			
Due within one year	13 335	5 610	12 790
Due within two to five years	32 969	12 918	39 505
	46 304	18 528	52 295
The lease rentals for the corporate office contains an option to renew the lease for an additional five years			
Bank guarantees			
Eskom Holdings SOC Limited	89 704	73 895	73 895
Department of Mineral Resources (relating to the Pandora joint venture)	–	1 477	–
Other	398	398	398
	90 102	75 770	74 293
Guarantees – Department of Mineral Resources (refer note 19)	401 418	273 615	401 418

These commitments will be funded from a combination of internal retentions and debt.

NOTES TO THE CONDENSED REVIEWED INTERIM FINANCIAL RESULTS

continued

28. Related parties

Related party relationships exist between the company and subsidiaries within the Northam Platinum Limited group of companies. Below is a summary of the key related party transactions:

Guarantees

Northam Platinum Limited currently has finance facilities available in the form of a revolving credit facility of R3.0 billion with Nedbank Limited, and has issued R1.4 billion on the debt capital market, these notes were issued under the R2.0 billion DMTN programme.

Booysendal Platinum Proprietary Limited has signed a letter of guarantee concerning both these facilities and Eland Platinum Proprietary Limited has signed a letter of guarantee concerning the revolving credit facility.

Zambezi Platinum (RF) Limited

Zambezi Platinum (RF) Limited was created and designed for the sole purpose of providing Northam Platinum Limited with Black Economic Empowerment (BEE) credentials and as a structure to hold the listed BEE preference shares. If Northam Platinum Limited does not comply with the Historically Disadvantaged South African requirements in the Mining Charter, it will not be able to retain its mining rights. Northam Platinum Limited is able to direct the strategic direction of Zambezi Platinum (RF) Limited and as per the subscription and relationship agreement between the two companies, Zambezi Platinum (RF) Limited's Memorandum of Incorporation may not be amended or replaced without Northam Platinum Limited's prior written consent.

Northam Platinum Limited assumes full responsibility for the administration of Zambezi Platinum (RF) Limited as well as any costs incurred by Zambezi Platinum (RF) Limited up to a certain limit. Furthermore, Northam Platinum Limited provides a guarantee for Zambezi Platinum (RF) Limited's obligation in respect of the preference shares. All these points indicate that Northam Platinum Limited has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi Platinum (RF) Limited achieves the purpose for which it was created. In terms of the transaction, an 'N' share was issued to Northam Platinum Limited, which gives Northam Platinum Limited the right to implement mitigating action should Zambezi Platinum (RF) Limited not comply with certain undertakings as per the transaction's agreements and in other limited instances aimed at maintaining the integrity of the transaction at all times. Zambezi Platinum (RF) Limited also cannot dispose of the Northam Platinum Limited ordinary shares without the prior consent of Northam Platinum Limited. Northam Platinum Limited has significant exposure to the variable returns of Zambezi Platinum (RF) Limited, through the creation and maintenance of the BEE credentials during the 10-year lock-in period as well as through the guarantee provided by Northam Platinum Limited. The decision-making power of Zambezi Platinum (RF) Limited's board of directors is restricted to maintaining Northam Platinum Limited's BEE credentials and funding arrangements.

All of these factors have been considered in determining that even though Northam Platinum Limited does not have majority of the voting rights in Zambezi Platinum (RF) Limited, it still has control over the entity, and therefore consolidated into the group.

BEE Community and ESOP Trusts

The manner in which the Northam Zondereinde Community Trust, the Northam Booysendal Community Trust and the Northam Employees' Trust were set up and the contracts governing the relationships between Northam Platinum Limited and these trusts, shows that their relevant activities had already been determined when these trusts were created and will continue to be carried out until such time as the 10-year lock-in period is over or the BEE credentials are no longer required by Northam Platinum Limited. There is no scope for any other commercial activity outside of the maintenance of the BEE credentials, the allocation of returns on the Northam Platinum Limited share to the beneficiaries of these trusts and the facilitation and maintenance of the external BEE preference share funding.

These trusts are therefore under the control of Northam Platinum Limited and therefore consolidated into the group.

In terms of the Trust Deed of the Northam Employee Trust, Northam Platinum Limited has committed to contribute R1.0 million per annum for the duration of the lock-in period.

29. Contingent liability

Northam Platinum Limited received judgement on a labour court case in which employees claimed that they were unfairly dismissed when they did not return to work after an unprotected work stoppage in 2016.

According to the Polokwane Labour Court, the employees' dismissal was substantively unfair. Northam Platinum Limited has been ordered to pay compensation for each employee equivalent to 12 months' remuneration calculated at the rate of remuneration on dismissal. An amount of R55.0 million has therefore been accrued for in the accounts.

The employees have applied for leave to appeal the decision of the Labour Court. As a result, Northam Platinum Limited is unable to execute the instructions contained in the judgement.

Due to the uncertainty of the outcome of the appeal, no further provision has been raised.

30. Events after the reporting period

There have been no events subsequent to the period end which require additional disclosure or adjustment to these condensed interim financial results.

ADMINISTRATION AND CONTACT INFORMATION

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Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI
Bond code: NHM002
Bond ISIN: ZAG000129024
Bond code: NHM003
Bond ISIN: ZAG000129032
Bond code: NHM004
Bond ISIN: ZAG000150764
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