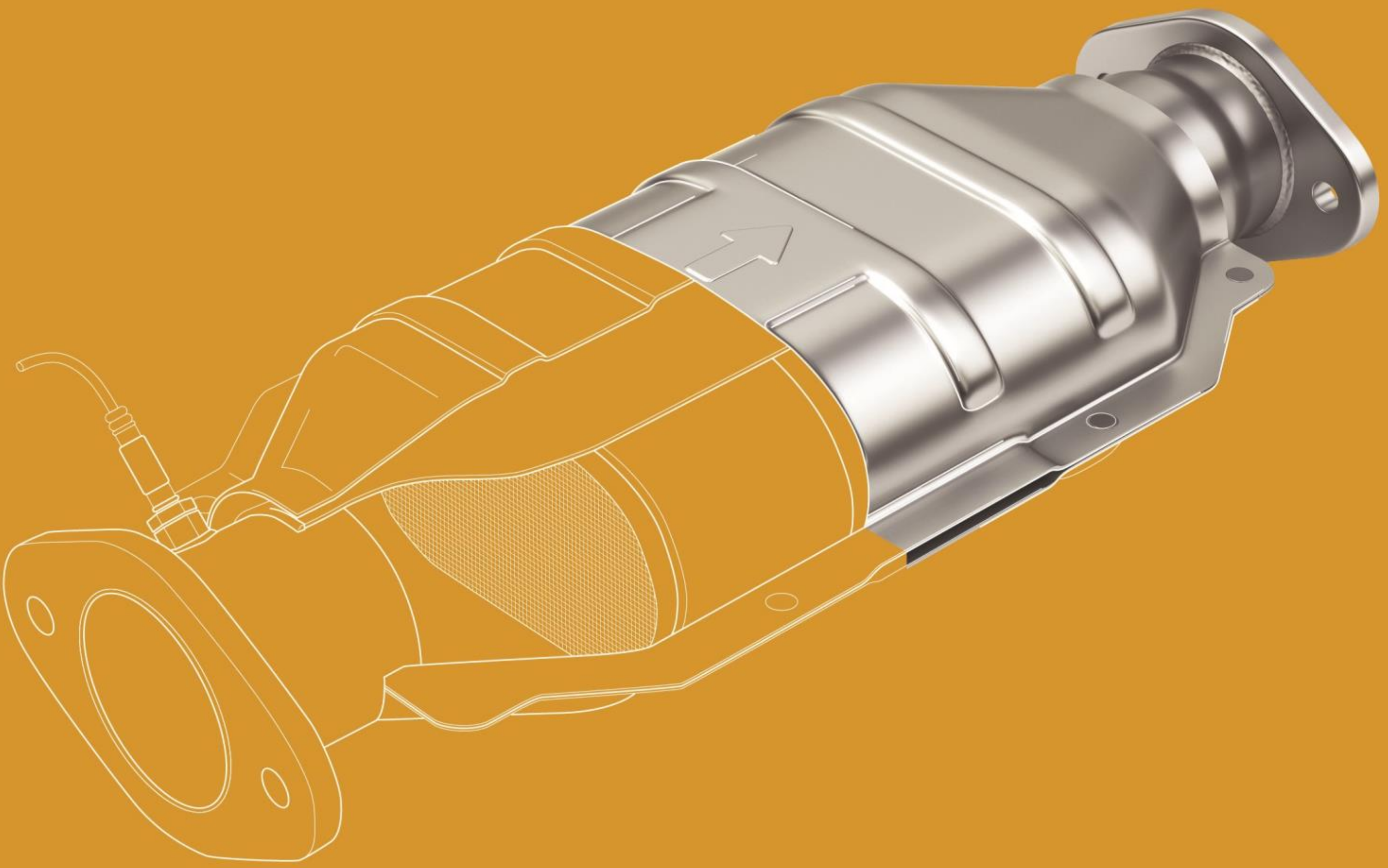
NORTHAM
PLATINUM LIMITED



SOLID SUSTAINABLE GROWTH

ANNUAL FINANCIAL STATEMENTS
30 JUNE 2019

CONTENT

These annual financial statements have been prepared under the supervision of the chief financial officer, AH Coetzee CA(SA).

AUDIT AND RISK COMMITTEE REPORT

This report has been prepared based on the requirements of the South African Companies Act, No. 71 of 2008, the King IV™ Report on Corporate Governance for South Africa, 2016 and the JSE Limited Listings Requirements.

4 meetings held

94% Committee meeting attendance

The independent audit and risk committee (the committee) is pleased to present its report for the financial year ended 30 June 2019. This report has been prepared in terms of section 94(7) of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the JSE Limited Listings Requirements (Listings Requirements), the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™) and other applicable regulatory requirements.

Role and mandate

The committee assists the board in fulfilling its oversight responsibilities, relating to the safeguarding of assets, the operation of adequate risk management and internal control processes, compliance with laws and regulations and the preparation of financial statements in compliance with all applicable legislation and regulations.

In addition, the committee is responsible for assessing the effectiveness of the internal audit function, the chief financial officer and the independence and effectiveness of the group's external auditor and the designated individual audit partner.

The committee does not assume the functions of management, which remain the responsibility of the executive directors and senior management.

The committee does not provide relief to board members in terms of their joint and individual fiduciary duties.

See the committee's charter at www.northam.co.za/governance.

Committee composition

The members of the committee, including the chairperson of the committee, are independent non-executive board members, elected by shareholders on the recommendation of the nomination committee, and have fulfilled their duties as set out in section 94(7) of the Companies Act, the Listings Requirements and King IV™.

The board elects the chairperson of the committee and the chairperson of the board is not eligible to be the chairperson or a member of the committee.

Collectively, members of the committee have the necessary financial literacy, skills and experience, as required by King IV™, in order to fulfil their duties effectively.

Changes to the committee during the year under review

The tenure of committee members is regularly reviewed in terms of the nomination charter and, as a result thereof, the composition of the committee changed during May/June 2019.

Dr NY Jekwa and Mr JJ Nel replaced Ms TE Kgosi and Mr R Havenstein, as members of the committee.

The composition changes were effected to ensure that, going forward, the tenure of each committee member does not exceed 10 years and that all the committee members are independent.

AUDIT AND RISK COMMITTEE REPORT continued

Below is a summary of the committee members as for the period under review:

Name and qualification	Appointment/resignation date	Approximate length of service on the committee	Board status	Meeting attendance
HH Hickey (chairperson) CA(SA)	Appointed on 1 January 2016	3 years 6 months	Independent non-executive director	4/4
JJ Nel CA (SA); CFA (AIMR); AMP (INSEAD)	Appointed on 1 June 2019	1 month	Independent non-executive director	1/1
Dr NY Jekwa MBA (Finance); MBBCh (Bachelor of Medicine and Bachelor of Surgery); MIoDSA	Appointed on 1 June 2019	1 month	Independent non-executive director	1/1
DH Brown CA(SA)	Appointed on 7 November 2017	1 year 8 months	Independent non-executive director	4/4
R Havenstein MSc (Chemical Engineering); BCom	Appointed on 22 June 2009 Resigned on 31 May 2019	9 years 11 months	Lead independent director	3/3
TE Kgosi BCom (Hons)	Appointed on 2 February 2005 Resigned on 31 May 2019	13 years 4 months	Independent non-executive director	2/3*

**Apologies received*

Invited attendees

The engagement partners of the external and internal auditors are standing invitees to the committee meetings.

Invitations to attend committee meetings are extended to senior executives and professional advisors, as deemed appropriate.

All directors have the right to attend the committee meetings.

The committee meets at least once a year with the internal and external auditors without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum. For the year under review these meetings took place on 28 August 2018 and 13 February 2019.

The board is satisfied that the audit and risk committee members have the appropriate mix of qualifications and experience to fulfil their duties.

Areas of focus during the year under review

Area of focus	Response	Associated risks
Financial reporting with regards to both the reviewed interim results and the audited annual financial statements	• Ensured that complex accounting areas comply with International Financial Reporting Standards (IFRS); • Evaluated significant accounting judgments and estimates as disclosed in the annual financial statements; • Discussed the accounting treatment of significant accounting and auditing matters including non-routine transactions with management and the external auditors; • Reviewed and assessed any adjusted and unadjusted audit differences reported by the external auditors; • Reviewed and assessed management's assessment of impairment indicators and management's assessment of the recoverable value of assets; • Reviewed the key audit matters communicated by the external auditors in their audit report in terms of the International Standard on Auditing (ISA) 701; • Reviewed the dividend proposal to the board; • Reviewed the representation letter that management signed; • Considered and approved management's assessment of the ability to continue as a going concern; and • Considered the JSE Limited's most recent report back on pro-active monitoring and, if necessary, those of previous periods.	• Losing our social license to operate in an ever-changing regulatory environment • Liquidity risk • Impact of a volatile exchange rate and commodity prices on our business
New accounting standards	• Considered new standards, interpretations and amendments to standards in issue, which are not yet adopted but are likely to affect the financial reporting in future years and disclosure thereof in the annual financial statements. • Please refer to the annual financial statements for new accounting standards adopted, and standards, interpretations and amendments issued, but not yet effective.	• Losing our social license to operate in an ever-changing regulatory environment
Tax exposure	• Reviewed the tax exposures (including uncertain tax positions) with specific focus on the effective tax rates, and considered the impact that pending changes to the tax legislation will have and the accounting of any tax exposures.	• Losing our social license to operate in an ever-changing regulatory environment
Corporate governance (including risk management and the internal control environment)	• Reviewed and approved risk management policies and processes and received reports incorporating the key strategic and operational risks. • Monitored the progress of assessing the recommended practices underpinning the 16 Principles of King IV™ ensuring that an ethical culture is created that supports the effective control of the organisation at all levels. • Assessed the combined assurance process to enable an effective integrated internal control environment that supports the integrity of information used for internal decision-making by management, the board and its committees as well as supporting the integrity of external reports. • Considered the feedback received regarding any significant litigation and assessed the possible impact thereof on the financial results.	• Fraud and corruption • Cyber risk
Compliance with laws and regulations	• Considered and reviewed the group's compliance with laws and regulations.	• Losing our social license to operate in an ever-changing regulatory environment

There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the year under review.

Related material issues

Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter	Maintaining constructive communication channels with all our stakeholders

See our Annual Integrated Report for more detail on the material issues.

Significant matters considered in relation to the annual financial statements

The following significant matters, including key audit matters, were considered in relation to the annual financial statements for the year ended 30 June 2019:

- Assessment of the recoverable values of the various assets in the group in terms of IAS 36 Impairment of Assets
- Going concern assessment
- Investment in associates and joint ventures including the reallocation of the Dwaalkop joint venture
- Quantity and valuation of metal inventories
- IFRS 2 Share based payment liability
- Capital expenditure incurred during the year under review
- Capitalisation of borrowing costs in terms of IAS 23
- Zambezi Platinum (RF) Limited preference share liability
- Investment in Zambezi Platinum (RF) Limited preference shares
- Rehabilitation and decommissioning liability provision
- Valuation of the Toro Employee Empowerment Trust in terms of IAS 19 Employee Benefits
- Taxation
- Funding raised during the year under review
- Capital expenditure and financial performance of Eland Platinum Proprietary Limited
- Employee Labour Court judgement
- Dividend consideration for the year ended 30 June 2019

The committee has deliberated on these matters and is comfortable that they have been correctly accounted for in terms of the requirements of IFRS and are fairly presented in the annual financial statements.

The audit and risk committee evaluated the consolidated and separate annual financial statements for the year ended 30 June 2019 and concluded that, they comply in all material respects with the requirements of the Companies Act, IFRS, and the Listings Requirements.

The committee therefore recommended the approval of the annual financial statements to the board.

Assessment of the independence and qualifications of the external auditor, Ernst & Young Incorporated (EY) and the designated individual audit partner

The committee is responsible for the appointment, compensation and oversight of the external auditors for the group.

EY has been the group's external auditor for more than 35 years. The designated individual audit partner rotates every five years, Ebrahim Dhorat was appointed as designated individual audit partner for the financial year ended 30 June 2018 and remains as the current designated individual audit partner. Internally, EY has a number of safeguards to ensure that all members of the audit team are independent.

EY has provided the committee with the information as required in paragraph 3.84(g)(iii), as read with paragraph 22.15(h) of the Listings Requirements. The following information was reviewed and considered by the committee:

- The most recent Independent Regulatory Board for Auditors (IRBA) inspection report for EY's most recent International Statement on Quality Control (ISQC 1) review, which includes the decision letter from the IRBA, the findings report and a copy of the proposed remedial action plan
- The most recent IRBA inspection report on the designated individual audit partner, Ebrahim Dhorat, which includes the decision letter from the IRBA, the detailed findings report and a copy of the proposed remedial action to address the findings
- The decision letter from the IRBA for all engagement file reviews on Ebrahim Dhorat for the past audit
- A summary document which provides context and explanations of the findings for EY and engagement level reports of the IRBA
- A copy of the 2018 Transparency Report, which EY South Africa prepares in line with the European Union's 8th Company Law Directive. This included the ISQC 1 information the JSE Limited requires EY to communicate to clients. The Transparency Report is also published on EY's website
- A summary of EY's results of the monitoring of its system of quality control, in terms of paragraph 53 of ISQC 1
- A summary, including the outcome, of any legal or disciplinary proceedings concluded within the past seven years, which were instituted in terms of any legislation or by any professional body of which EY and/or Ebrahim Dhorat are a member or regulator to whom they are accountable, including where the matter is settled by consent order or payment of a fine.

The committee, after due assessment, is satisfied that the external auditor, EY and the designated individual audit partner, Ebrahim Dhorat, are appropriately accredited and are suitable for re-appointment for the 2020 financial year.

Rotating audit firms

The board is committed to mandatory audit firm rotation, which will become effective from 1 April 2023.

As a listed entity, we believe that the auditing services of an international 'Big 4' auditing firm, with the necessary experience and expertise, is required to ensure that our financial results are reasonable and comply with IFRS. Furthermore, our growing business and ever changing accounting standards make it imperative to appoint an auditing firm that has exposure to international best practice and knowledge.

Non-audit services

Deloitte & Touché Incorporated (Deloitte) is used for ongoing consulting services across a number of areas, including human resources, procurement and warehousing.

Deloitte was also the implementation partner when the group implemented SAP software during the 2017 financial year. PricewaterhouseCoopers Incorporated (PwC) was engaged during the 2017 financial year to perform a detailed review of the SAP implementation performed by Deloitte and to provide further recommendations with regards to the SAP implementation.

The work that was performed by PwC is classified as maintenance of the company's financial records.

During the current and previous financial years, PwC also assisted the group in reviewing the accounting policies in our financial statements. This, as per the guidance on the provision of non-audit services by the auditors of a company, issued in March 2015 by the IRBA and the South African Institute of Chartered Accountants (SAICA), is not seen as preparing the financial statements.

The board and the committee are fully aware of the requirements of section 90 of the Companies Act.

Should the cooling-off period as currently stipulated by the IRBA be reduced from the current five-year period, the external auditor will be rotated at the earliest date possible.

A formal policy regarding the approval of all non-audit services has been implemented and the committee reviews all non-audit services to ensure that the various fees relating to these services are within the approved limits and that the external auditors' independence is not jeopardised as a result of the non-audit services provided.

Total audit fees

During the financial year ended 30 June 2019, the external auditors charged the following fees:

	2019 R000	2018 R000
Audit services	5 620	4 852
Audit services | Zambezi Platinum (RF) Limited	554	523
Assurance: Sustainable development report	1 215	297
Audit services: ISRE 2410 review	869	740
Audit services: ISRE 2410 review | Zambezi Platinum (RF) Limited	74	69
Non-audit fees	174	133
Assurance reports relating to the issue of commercial paper (domestic medium-term notes)	1 000	500
	9 506	7 114

The committee has received the necessary representation from the external auditors confirming that:

- No other remuneration was received for work performed other than what has been disclosed
- Its independence was not impaired by any consultancy, advisory or other work performed during the period under review
- Its independence was not prejudiced by any previous appointment as auditor
- The criteria specified for independence by the IRBA and international regulatory bodies have been met

The audit and risk committee, based on their assessment of the independence and effectiveness of the external auditor, EY, did not note any significant findings or considerations to indicate that the external auditor has not been independent or that the services provided by them have not been effective and robust.

The committee, after due assessment, recommends that EY, with the designated individual audit partner being Ebrahim Dhorat, be re-appointed as the independent external auditors of the group for the financial year ending 30 June 2020.

Internal audit

The internal audit function has been outsourced to KPMG Services Proprietary Limited (KPMG).

The responsibilities normally associated with that of a chief audit executive (CAE) have been allocated to the director in charge of the internal audit function.

The committee believes that the KPMG director, Thomas Gouws, has the necessary competence, gravitas and objectivity to fulfill these duties. He also has unrestricted access to the chair of the committee.

The internal auditor reports to the chair of the committee with regards to the performance of the duties and functions that relate to an internal audit. On other administrative matters, the internal auditor reports to the chief financial officer (CFO).

The following functions are performed by the internal auditor:

- Assessment of compliance with laws and regulations
- Evaluation of the effectiveness of internal controls over financial reporting and internal controls in general
- Reporting findings to management and the committee and monitoring the remediation of all significant deficiencies reported
- Assisting with the implementation of the Combined Assurance Framework

The committee has ensured that the internal auditor performed an independent assurance function and monitored its effectiveness in terms of the agreed assurance scope, the audit plans and the overall performance of the function.

The committee also monitored the audit findings, risk areas and, where appropriate, challenged management on actions taken.

The audit and risk committee is satisfied with the appropriateness of the expertise, experience and resources of the internal audit function.

Internal controls and risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The internal audit function conducted a review of the group's combined assurance model, internal controls and risk management processes and issued a written assurance statement confirming that nothing has come to their attention indicating that the group's system of internal financial controls is not effective and does not provide reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

Having considered, analysed, reviewed and discussed the information provided by management, other board committees, internal auditors and the external auditors, the audit and risk committee is of the opinion that the internal controls of the group have been effective in all material respects, that appropriate financial reporting procedures are in place and that these procedures and controls operated throughout the year under review.

Effectiveness of the CFO and the finance function

The committee annually reviews an internal assessment of the skills, expertise and resourcing of the finance function as well as the expertise and experience of the CFO, AH Coetzee and previously AZ Khumalo.

The audit and risk committee is satisfied with the appropriateness of the expertise and experience of the CFO, AH Coetzee, and the effectiveness of the finance function overall, as well as the adequacy of resources.

Combined assurance

The committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives.

The group's combined assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the group. It avoids the duplication of efforts and rationalises collaboration among assurance providers.

The audit and risk committee is satisfied that the combined assurance model adequately addresses the risks and material matters through the aggregated efforts of the various assurance providers and results in an adequate, effective control environment and the integrity of reports relied upon for decision making.

Areas of focus F2020

- Continuous improvement of the internal control environment
- Cyber risk
- Maturity of the risk management process within the group
- Establishing an in-house internal audit department to supplement the work performed by KPMG, the groups internal auditors

Conclusion

The audit and risk committee is satisfied that is has considered and discharged its responsibilities in line with its charter, statutory responsibilities, the Listings Requirements and King IV™ during the year under review.

On behalf of the committee.

HH Hickey
Chairperson
16 August 2019

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Northam Platinum Limited

Report on the audit of the consolidated and separate financial statements for the year ended 30 June 2019

Opinion

We have audited the consolidated and separate financial statements of Northam Platinum Limited and its subsidiaries ('the group') set out on pages 35 to 150, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

The Key Audit Matters applies equally to the audit of the Consolidated and Separate Financial Statements.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Metal inventory: Physical quantities and valuation</td></tr>
<tr><td>
At year end, the value of metal inventory amounted to R3.5 billion representing 13% of total assets.

As described in Inventories note 16 in the annual financial statements, the Group and Company account for the four main platinum group metals - being platinum, palladium, rhodium and gold (“4E”) - as joint products.

Metal inventory quantity is held in a wide variety of forms across the mining and refining processes and is only physically separated at the very end of the refining process. Metal inventory is valued at the lower of net realisable value and the average cost of production or purchase less net revenue from sales of other metals in the ratio of the contribution of these metals to gross sales revenue.

Key factors that impact the determination of the physical quantities of metal inventory are:
• Surveying, sampling and assays of the material in process by management’s internal experts;
• The historical head grade achieved per mine;
• Various recovery factors at different stages in the process;
• Determination of the split of metals in such material; and
• Inventory quantity is recorded at the lower of theoretical or surveyed.

Key factors that impact the determination of valuation of metal inventory are:
• Allocation of mining cost based on a six-month rolling average
• Net realisable value
• Valuation of custom purchase agreements

Physical quantities and valuation of metal inventory are considered a key audit matter due to the size of the balance and due to the complexity and estimation involved in the determination of the quantum of metal inventory and calculation of the value.
</td><td>
Our procedures for the metal inventory quantity and valuation included, amongst others, the following

Quantity:
• We held discussions with management, to obtain an understanding of the methods used to determine metal inventories’ quantities and compared this to prior year’s methods applied.
• We observed the physical inventory surveys performed by both internal and external management specialists.
• We evaluated the competence, capabilities and objectivity of management’s specialists by reference to their qualifications, experience in the relevant industry and the scope of work as agreed with management.
• We obtained external reports from management specialists, including metallurgists and surveyors, and agreed the quantities reported at 30 June 2019 to the accounting records, and recalculated the calculations .
• We have evaluated the reports obtained from the metallurgists for reasonableness by comparing the various recovery factors at different stages during sampling and assays as well as the determination of split of metals to the historical head grade achieved per mine.
• We obtained and compared the theoretical inventory calculation to the surveyed inventory calculation in order to determine whether it was recorded at lower of theoretical or surveyed inventory.

Valuation:
• We inspected management’s inventory valuation policy and enquired from management in order to obtain an understanding of the valuation process around inventory.
• We recalculated the allocation of the mining costs based on the monthly Net realisable value (NRV) percentages.
• We recalculated the six-month rolling average mining cost using managements inputs.
• Year-end inventory valuation recalculation was performed on metal stock and the NRV was compared to the cost and determined whether the lower was used for the inventory valuation
• We reviewed the customs purchase agreements to evaluate when metal inventory metal rights have transferred to Northam.

Quantity and valuation:
• We have assessed the disclosures of inventory to assess compliance with the disclosure requirements in accordance with IAS 2 - Inventories.
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the 150 paged document titled "annual financial statements of Northam Platinum Limited for the year ended 30 June 2019", which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc., has been the auditor of Northam Platinum Limited for 35 years.

Ernst & Young Inc.
Director: Ebrahim Dhorat
Chartered Accountant (CA)
Registered Auditor
21 August 2019

102 Rivonia Drive
Sandton,
Johannesburg
South Africa

DIRECTORS' REPORT

The directors have pleasure in presenting the annual financial statements of Northam Platinum Limited and the group for the year ended 30 June 2019. In the context of the financial statements, the term group refers to the company, its subsidiaries, associates and joint arrangements.

Financial results

The group and company (consolidated and separate) financial results are included in this report. These annual financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act 71 of 2008 (the Companies Act) and the JSE Limited (JSE) Listings Requirements and include amounts based on judgements and estimates made by management.

The consolidated and separate financial statements comprise the consolidated and separate statements of financial position, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of cash flow, consolidated and separate statements of changes in equity and notes to the annual financial statements, including a summary of significant accounting policies which reflect the financial results and position of the company and the group as at 30 June 2019.

These financial results are available on our website, www.northam.co.za.

Nature of business

Northam Platinum Limited (Northam or the company or the group), is a public company incorporated in South Africa, and a leading producer of platinum group metals (PGMs). Northam is listed on the JSE, trading under the equity issuer share code NHM, ISIN code ZAE000030912 and in respect of the domestic medium-term note (DMTN) programme, under the debt issuer code NHMI with the following bond codes:

- NHM002 ISIN code ZAG000129024,
- NHM003 ISIN code ZAG000129032 (redeemed during the current financial year)
- NHM004 ISIN code ZAG000150764 (redeemed during the current financial year)
- NHM005 ISIN code ZAG000151242 (redeemed during the current financial year)
- NHM006 ISIN code ZAG000158577
- NHM007 ISIN code ZAG000158593
- NHM008 ISIN code ZAG000158858
- NHM009 ISIN code ZAG000158866
- NHM010 ISIN code ZAG000159229
- NHM011 ISIN code ZAG000159237
- NHM012 ISIN code ZAG000160136

Mining licences

Below are details of the various mining licences held by the group. Please also refer to the Mineral Resource and Mineral Reserve statement as well as a summary of the Mineral Resources and Mineral Reserve statement which is included in our Annual Integrated Report which are both also available on the company's website www.northam.co.za.

Booysendal mine

Booysendal Platinum Proprietary Limited is a wholly-owned subsidiary of Northam, and holds two new order mining rights for the Booysendal mine which covers an area of approximately 17 950 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Hermansdal 3 JT, Kliprivier 73 JT, Pietersburg 44 JT, Uysedoorns 47 JT, Johannesberg 45 JT, Sheeprun 50 JT, Sheeprun 179 JT, Sterkfontein 52 JT, De Kafferskraal 53 JT, Hoogland 38 JT and Sterkfontein 749 JT.

A portion of Buttonshope 51 JT was transferred to the Buttonshope Conservancy Trust during the year under review.

Zondereinde mine

Northam holds two new order mining rights in respect of the Zondereinde mine covering an area of approximately 9 257 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Gouvernements Plaats 417 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Moddergat 389 KQ, Savannah Rose 826 KQ, Vrugbaar 381 KQ, Vrugbaar 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

Eland mine

Eland Platinum Proprietary Limited holds two mining rights over three properties covering an area of approximately 3 982 hectares on the farms Elandsfontein 440 JQ, Schietfontein 437 JQ and Zilkaatsnek 439 JQ.

Associates and joint operations

The group has an interest in the following associates and joint operations:

Dwaalkop joint venture

The Dwaalkop joint venture is a joint venture between Mvelaphanda Resources Proprietary Limited (Mvelaphanda), a wholly-owned subsidiary of Northam owning 50% and Western Platinum Proprietary Limited, a subsidiary of Lonmin plc, now Sibanye-Stillwater Limited (Lonmin), owning the other 50% with the joint venture being managed by Lonmin. The Dwaalkop asset is currently not being mined; however exploration is conducted on the property by Lonmin.

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

The Dwaalkop mineral resource includes portions of the farms Dwaalkop, Rooibokbult and Turfpan. The mineral deposit has the potential to be developed into an open stope retreat mining operation.

SSG Holdings Proprietary Limited (SSG)

Northam holds 30% of the issued stated capital of SSG through a wholly-owned subsidiary, Mining Technical Services Proprietary Limited.

SSG provides security and facility services to all of the group's operations.

Refer to the note 5 of the financial statements for details of the investment in SSG.

Subsidiary companies

Details regarding the related parties are provided in the annual financial statements, refer to note 45.

Stated capital

There were no changes during the current financial year to the authorised or issued stated capital of the company. The authorised stated capital of the company as at 30 June 2019 amounted to 2 000 000 000 shares (2018: 2 000 000 000 shares) at no par value. The issued stated capital of the company remained unchanged at 509 781 212 shares.

Northam is a fully empowered company, with historically disadvantaged South African (HDSA) ownership levels in the company standing at 31.4%, following the conclusion of a R6.6 billion black economic empowerment (BEE) transaction, which included the successful capital raising of R4.6 billion. The BEE transaction was approved by shareholders in March 2015. Pursuant to the BEE transaction, Northam issued 112 195 122 shares, 22.0% of its issued stated capital to Zambezi Platinum (RF) Limited (Zambezi). These shares were supplemented by additional shares, equivalent to 9.4% of Northam's issued stated capital, being sold to Zambezi by the Public Investment Corporation SOC Limited (PIC), a long-standing Northam shareholder. Accordingly Zambezi holds 159 905 453 Northam shares in total, representing 31.4% of the total issued shares of Northam.

Zambezi comprises a range of HDSA stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Participants are bound to a 10-year lock-in period from May 2015. Zambezi financed the acquisition of shares in Northam through a preference share arrangement, with the shares being listed on the securities exchange operated by the JSE in May 2015.

As Zambezi is consolidated in Northam's results in terms of IFRS, the 159 905 453 shares held by Zambezi are treated as treasury shares for accounting purposes.

Repurchase of issued shares

At the annual general meeting (AGM) held on 6 November 2018 shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the JSE Listings Requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior financial year. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 6 February 2020) whichever date is earlier.

Approval to renew this general authority will be sought at the AGM to be held on Thursday, 7 November 2019.

The reason for this special resolution is to grant a general authority for the acquisition of the company's ordinary shares by the company, or by a subsidiary or subsidiaries of the company. The effect of such a special resolution, if passed, will be to authorise the company or any of its subsidiaries to acquire ordinary shares issued by the company on the JSE subject to the provisions of the company's Memorandum of Incorporation (MOI), Companies Act and the JSE Listings Requirements.

The directors believe that the company should retain the flexibility to take action if future acquisitions of its shares were considered desirable and in the best interests of the company and its shareholders.

Ordinary 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 the payment of dividends.

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 company's current capital structure, project commitments and economic operating environment, the board is of the view that the most efficient way to return value to investors precludes the payment of a cash dividend. The board has therefore resolved not to declare a dividend for the 2019 financial year (F2018: R Nil per share).

Borrowing powers

The borrowing powers of the company, and the powers of the company to encumber its undertakings and properties or any part thereof and to issue debt instruments (whether secured or unsecured), whether outright or as security for any debt, liability or obligation of the company or of any third party, shall be unlimited (subject to the requirements of the Companies Act) and shall be exercised by the directors.

In terms of the MOI, the directors may borrow for purposes of the company, such sums as they deem fit.

Details of all outstanding borrowings are included in the annual financial statements, refer to note 24 and 27.

Financial assistance

Under the Companies Act, inter-group loans, guarantees and other financial assistance require approval of shareholders by way of a special resolution.

Section 45 of the Companies Act applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Section 45 of the Companies Act provides, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board is satisfied that: (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

As part of the normal conduct of the business of the company and its subsidiaries or associates, the company, where necessary, usually provides guarantees and other support undertakings to third parties on behalf of its local and foreign subsidiaries in which the company or members of the group have an interest. The company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary for the company to provide financial assistance to any of its present or future subsidiaries.

It is difficult to foresee the exact details of financial assistance that the company may be required to provide in the future. It is essential, however, that the company is able to effectively organise its internal financial administration.

Below is a non-exhaustive estimate of the financial assistance which is expected to be required for the F2020 year (proposed F2020 financial assistance). Shareholders should, however, bear in mind that not all unforeseen circumstances can be anticipated and that the financial assistance as noted below could be underestimated due to unforeseen circumstances, or that the terms and conditions associated with the financial assistance could be amended.

Financial assistance to subsidiary companies

At the date of this report Northam had granted the following financial assistance to its subsidiaries as at 30 June 2019 and proposes the following loan facilities to be granted for the F2020 year:

	Approved facility	Estimated changes in the coming year	New estimated loan facility to be granted	Balance
	2019	F2020	F2020	2019
	R000	R000	R000	R000
Booysendal Platinum Proprietary Limited	1 000 000	500 000	1 500 000	546 469
Eland Platinum Proprietary Limited	500 000	1 000 000	1 500 000	470 598
Mining Technical Services Proprietary Limited	120 000	30 000	150 000	8 669
Mvelaphanda Resources Proprietary Limited	80 000	70 000	150 000	–
Norplats Properties Proprietary Limited	150 000	–	150 000	57 148
Total loan facilities	1 850 000	1 600 000	3 450 000	1 082 884

	Approved facility	Changes in the coming year	New loan facility to be granted	Balance
	2019	F2020	F2020	2019
	USD000	USD000	USD000	R000
Northam Platinum Investments (US) Inc. and subsidiaries	50 000	–	50 000	27 453
Total loan facilities	50 000	–	50 000	27 453

Certain loans provided by Northam to its subsidiaries in the year ending 30 June 2019 were initially provided on the basis that they would not accrue interest. However it has been agreed that such loans will accrue interest at prevailing market rates with effect from 1 July 2018.

Below are the various guarantees in issue as at 30 June 2019, together with the additional guarantees which will be tabled at the forthcoming AGM:

	Current guarantee	Additional amount to be guaranteed in the coming year	Total guarantee to be granted
	2019	F2020	F2020
	R000	R000	R000
Northam Platinum Limited guarantee to Zambezi Platinum (RF) Limited	7 535 944	–	7 535 944
Booysendal Platinum Proprietary Limited guarantees to providers of capital	5 000 000	4 000 000	9 000 000
Eland Platinum Proprietary Limited guarantees to providers of capital	3 000 000	6 000 000	9 000 000
Northam Platinum Limited subordination agreement to Mvelaphanda Resources Proprietary Limited	80 000	70 000	150 000
Total guarantee	15 615 944	10 070 000	25 685 944

Booysendal Platinum Proprietary Limited (Booysendal) as well as Eland Platinum Proprietary Limited (Eland) have guaranteed any amounts due but not paid by Northam in terms of the Nedbank Limited revolving credit facility and general banking facility. In addition, Booysendal has also guaranteed any amount due but not paid by Northam in terms of the R2.0 billion domestic medium-term note programme.

The board has approved an increase in the R2.0 billion DMTN Programme from R2.0 billion to R5.0 billion. This increase will facilitate a future refinance of existing DMTNs in issue, by way of a placement of new DTMNs (increasing the total in issue above R2.0 billion) and an immediate subsequent settlement of maturing DMTNs. The increase also enables the issue of new DMTNs to facilitate the strategy of returning value to shareholders. The updated DMTN Programme will require guarantees from Booysendal and Eland.

The redemption of the Zambezi preference shares is secured by a financial guarantee from Northam. In terms of the financial guarantee, Northam will be responsible for the payment of all amounts which Zambezi has contracted but failed to pay in terms of the preference share terms – either by means of a cash payment or the issue of a determinable number of Northam shares to the preference shareholders, or a cash and Northam share combination.

Northam has provided a guarantee with regards to Mvelaphanda's negative equity. The guarantee will remain in full force and effect as long as the liabilities of Mvelahpanda exceeds its assets.

Zambezi Platinum (RF) Limited

Zambezi was established as a special purpose vehicle by Northam, with the principal objective of ensuring Northam's BEE compliance. Zambezi was incorporated on 2 June 2014. The company was created for the purpose of assisting Northam to comply with the HDSA ownership requirements set by the Mining Charter at the time.

Zambezi holds 159 905 453 Northam shares, which amounts to approximately 31.4% of the total issued ordinary stated capital of Northam.

Zambezi is a ring-fenced entity created for the specific purpose of raising funds and holding Northam shares. As such, Zambezi will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years from May 2015). At the end of the 10-year period, Zambezi is required to redeem the Zambezi preference shares for cash or Northam shares. All amounts payable to the holders of the Zambezi preference shares are guaranteed by Northam in terms of the BEE transaction agreements. Further, Northam is required to settle the operational expenses of Zambezi, subject to certain limitations.

Zambezi's prospects are therefore limited in nature in that they are dependent on the prospects of Northam and the returns attributable to the Zambezi preference shares fluctuate only in accordance with prevailing interest rates. Various characteristics of the Zambezi preference shares, such as the Northam guarantee and redemption payment structure, provide the holders with additional certainty regarding the recoverability of their dividends and capital.

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

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

The redemption of the Zambezi preference shares is planned to occur through cash accumulation from dividends received from Northam, and after the 10-year lock-in period, the possible sell-off of Northam shares into the market to realise the capital value, to redeem the Zambezi preference shares. In the event that this is not sufficient to settle the liability, it will be secured by Northam in terms of a financial guarantee (Northam guarantee).

Should a liability arise under the Northam guarantee, Northam may settle this liability by capitalising Zambezi with cash and/or Northam shares before the redemption amount becomes due or make payment directly to the Zambezi preference shareholders. The manner of settlement is not contractually specified. Therefore, should the Northam share price not increase in value from the 10-year lock-in period there could be a significant dilution in value for all Northam shareholders, should additional shares be issued to the Zambezi preference shareholders.

Included in the financial results of Northam is a guarantee of R7.5 billion, based on the initial recognition fair value.

Northam currently owns 4 230 819 (2018: 4 230 819) Zambezi preference shares which were purchased in the open market. See note 7 of the annual financial statements for more details.

Subsequent to year-end, 1 477 639 Zambezi preference shares were acquired in the open market at face value being the issued price of R41 per share plus accrued preference share dividends at the transaction date.

Booysendal Platinum Proprietary Limited (Booysendal)

Northam currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2018: R3.0 billion) and a general banking facility of R500.0 million (2018: R Nil) with Nedbank Limited, and has issued R1.8 billion (2018: R1.4 billion) on the debt capital market. Booysendal has signed a letter of guarantee with regards to both these facilities and in respect of notes issued under the domestic medium-term note programme.

Any amendments to the revolving credit facility, the general banking facility or any applicable pricing supplement in respect of notes issued under the domestic medium-term debt note programme and any new applicable pricing supplement in respect of notes that may be issued under the domestic medium-term note programme will be required to be guaranteed by Booysendal.

During the next financial year (F2020), ongoing capital expenditure will be incurred with regards to the development of Booysendal South and additional funding may be required from Northam.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

Eland Platinum Proprietary Limited (Eland)

Northam currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2018: R3.0 billion) and a general banking facility of R500.0 million (2018: R Nil) with Nedbank Limited. Eland has signed a letter of guarantee with regards to both these facilities.

Any amendments to the revolving credit facility or the general banking facility will be required to be guaranteed by Eland.

Financial assistance will be required from Northam to restart operations in the next financial year (F2020), as further detailed in the announcement published on SENS on 26 June 2019.

Northam reserves the right to charge interest at prevailing market rates on any loan balance.

Norplats Properties Proprietary Limited (Norplats)

Norplats is a company which holds and operates one of Zondereinde mine's employee home ownership projects (Mojuteng project) in the town of Northam, assisting Northam in its compliance with its homeowner strategy designed to meet legislative requirements.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

Mvelaphanda Resources Proprietary Limited (Mvelaphanda)

On 25 September 2014, Northam confirmed that it will ensure that Mvelaphanda would meet its financial obligations as and when they fall due as the company's liabilities exceeded its assets. The guarantee will remain in full force and effect as long as the liabilities (including contingent liabilities) exceed its assets, fairly valued, and will lapse forthwith upon the date that the assets, so valued, exceed its liabilities.

Mvelaphanda currently has negative equity and this is forecasted to continue for the foreseeable future.

Mining Technical Services Proprietary Limited (MTS)

MTS provides consulting services to the group. These services are charged out to the various operations. Northam previously provided a loan to MTS for the investment in SSG Holdings Proprietary Limited.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

US operations

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

Funding will be required from Northam to purchase material from third party customers on a commercial scale. Any loan balance advanced will accrue interest at the South African prime interest rate, with no fixed terms of repayment.

Solvency and liquidity test

The Northam board has considered the proposed F2020 financial assistance and all reasonably foreseeable financial circumstances of Northam as at the date of such consideration and are satisfied that (i) immediately after providing the proposed F2020 financial assistance, Northam will satisfy the solvency and liquidity test (as contemplated in the Companies Act) and (ii) the terms under which the proposed F2020 financial assistance is proposed to be given are fair and reasonable to Northam and its subsidiaries.

Dematerialisation of shares

Shareholders who have not already dematerialised their shares (certificated shareholders) are once again urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

Directorate

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

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

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

At the date of this report the board comprised the following directors:

Director	Position	Nationality	First appointed	Standing for re-election or election	Elected or re-elected at the last AGM
KB Mosehla	Non-executive chairman	South African	19 August 2015	N/A	N/A
R Havenstein	Lead independent director	South African	1 July 2003	✓	N/A
PA Dunne	Chief executive officer	British	1 March 2014	N/A	N/A
AH Coetzee	Chief financial officer	South African	15 November 2018	✓	N/A
DH Brown	Independent non-executive director	South African	7 November 2017	✓	N/A
CK Chabedi	Independent non-executive director	South African	22 June 2009	N/A	✓
HH Hickey	Independent non-executive director	South African	1 January 2016	N/A	✓
Dr NY Jekwa	Independent non-executive director	South African	8 November 2017	N/A	✓
JJ Nel	Independent non-executive director	South African	6 November 2018	N/A	✓
MH Jonas	Independent non-executive director	South African	6 November 2018	N/A	✓
TE Kgosi	Independent non-executive director	South African	1 November 2004	✓	N/A
TI Mvusi	Independent non-executive director	South African	1 January 2016	N/A	✓
JG Smithies	Independent non-executive director	British	1 January 2017	✓	N/A

There were no changes to the office of the company secretary during the year under review. Ms PB Beale continues to be the company secretary.

Board diversity

Below is a summary of the board diversity based on gender, nationality and independence quoted in the number of board members represented:

Gender	2019	2018
Male	9	8
Female	4	3
	13	11

Nationality	2019	2018
Black South African	6	6
Coloured South African	–	–
Indian South African	–	–
White South African	5	3
Non-South African	2	2
	13	11

Independence	2019	2018
Executive	2	2
Non-independent non-executive	1	1
Independent non-executive	10	8
	13	11

The board considers the following and other indicators holistically, and on a substance-over-form basis, when assessing the independence of a director for purposes of categorisation, by considering whether the director:

- is a significant provider of financial capital, or ongoing funding to Northam; or is an officer, employee or a representative of such provider of financial capital or funding;
- participates in a share-based incentive scheme offered by Northam;
- own shares in Northam, the value of which is material to the personal wealth of the director;
- has been in the employment of Northam as an executive manager during the preceding 3 financial years, or is a related party to such executive manager;
- has been the designated external auditor responsible for performing the statutory audit for Northam, or a key member of the audit team of the external audit firm, during the preceding 3 financial years;
- is a significant or ongoing professional advisor to Northam, other than as a member of the board of Northam;
- is a member of the board of directors or executive management of a significant customer of, or supplier to Northam;
- is a member of the board of directors or the executive management of another organisation which is a related party to Northam;
- is entitled to remuneration contingent on the performance of Northam;
- is involved in the day-to-day management of Northam's business or has been so involved at any time during the previous financial year;
- is a prescribed officer or full-time employee of Northam or another related or interrelated company, or has been such an officer of employee at any time during the previous 3 financial years; and
- is a material supplier or customer of Northam, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of the director is compromised by that relationship.

Independence generally means the exercise of the objective, unfettered judgement. When used as a measure by which to judge the appearance of independence, or categorise a non-executive director or its committees as independent, it means an absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making.

Director's independence is judged from the perspective of a reasonable and informed third party, based on the prevailing circumstances, the indicators provided in the Companies Act and KING IV™ determined holistically, and on (a substance-over-form basis), conflicts of interest (whether perceived or actual) and other relevant considerations.

In accordance with the above, annual independence evaluations are conducted for all independent non-executive directors.

During the year under review, independence assessments were conducted for the independent non-executive directors: Messrs Brown, Jonas, Mvusi, Nel and Smithies, Ms Hickey and Dr Jekwa.

For those directors who have served on the board for more than nine years (Messrs. Chabedi and Havenstein, and Ms Kgosi), a more onerous assessment was performed. The board took into consideration the minority indirect beneficial interests held by Mr Chabedi and Ms Kgosi in Northam (0.040% and 0.125%, respectively) through Zambezi, which they acquired in terms of the Northam BEE transaction in May 2015.

For Mr Chabedi and Ms Kgosi, consideration was also given as to whether the holding is material to their personal wealth. In light of the fact that the Northam share price was not sufficient to cover the Zambezi preference share liability during the year under review, it is considered that these directors are not entitled to financial benefit which is contingent on the performance of the company at this point in time. This situation will however be evaluated and monitored on a continuous basis.

Based on these assessments, the board is satisfied that all independent non-executive directors remain independent and that there are no relationships or circumstances that affect, or appear to affect, the independence of the aforementioned directors.

Remuneration of non-executive directors

In terms of sections 66(8) and (9) of the Companies Act, and unless the company's MOI provides otherwise, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years. The MOI does not prohibit the payment of such remuneration. The proposed remuneration set out above, if approved by shareholders, will be paid to the non-executive directors only, as they are not remunerated as employees, as is the case in respect of executive directors.

It is proposed that the remuneration payable to (i) non-executive directors be increased by an average of 7.0% per annum (F2018: 7.0%) and (ii) the chairman of the board be increased by 8.0% per annum (F2018: 8.0%).

All non-executive director remuneration will be payable quarterly in arrears. The annual fees set out above are calculated on the assumption that a certain number of board/committee meetings will be held in the financial year ending 30 June 2020 as set out above and shall be payable notwithstanding that fewer board/committee meetings may be held. If a non-executive director ceases to serve on a particular committee or as a non-executive director during the financial year, the annual fee payable to such director in respect of such office as set out above will be pro-rated to the proportion of the financial year for which such director held that office, calculated by rounding such period up to the nearest quarter, irrespective of the number of meetings held or attended by the director during such period. For the avoidance of doubt, any *ad hoc* or additional meeting fees payable to such directors pursuant to the approved fees set out above will not be affected by the pro-rating of the annual fee.

	Proposed fee for F2020 (per annum)	**Approved F2019 fee at the previous AGM (per annum)**
	R	**R**
Board		
Board chairperson	469 800	435 000
Lead independent director	400 400	374 200
Board members	351 500	328 500
The above fees are based on 5 (five) board meetings per financial year. Should additional board meetings be held, the following will be paid for each additional meeting attended	53 700	50 200
Audit and risk committee		
Committee chairperson	216 300	202 200
Committee members	169 900	158 800
The above fees are based on 5 (five) audit and risk committee meetings per financial year. Should additional audit and risk committee meetings be held, the following will be paid for each additional meeting attended	21 000	19 600
Health, safety and environmental committee		
Committee chairperson	152 500	142 500
Committee members	115 100	107 600
The above fees are based on 4 (four) health, safety and environmental committee meetings per financial year. Should additional health, safety and environmental committee meetings be held, the following will be paid for each additional meeting attended	21 000	19 600
Social, ethics, human resources and transformation committee		
Committee chairperson	154 200	144 100
Committee members	115 100	107 600
The above fees are based on 4 (four) social, ethics, human resources and transformation committee meetings per financial year. Should additional social, ethics, human resources and transformation committee meetings be held, the following will be paid for each additional meeting attended	21 000	19 600
Nomination committee		
Committee chairperson	88 600	82 800
Committee members	54 400	50 800
The above fees are based on a single meeting. Should additional nomination committee meetings be held, the following will be paid for each additional meeting attended	21 000	19 600

	Proposed fee for F2020 (per annum)	Approved F2019 fee at the previous AGM (per annum)
	R	R
Other board appointed committees		
Committee chairperson	128 600	120 200
Committee members	94 300	88 100
The above fees are based on 3 (three) other board appointed committee meetings per financial year. Should additional other board appointed committee meetings be held the following will be paid for each additional meeting attended	21 000	19 600
Ad hoc fees - per hour	4 200	3 920

Directors' remuneration

The directors' remuneration for the year ended 30 June 2019 is as follows:

	Fees	Re-muneration package	Performance bonus and retention payouts	Benefits and other	Gain on share-based payments	Total
	R000	R000	R000	R000	R000	R000
Executive						
PA Dunne	–	8 676	8 998	–	6 515	24 189
AZ Khumalo*	–	1 387	1 685	11 512	10 688	25 272
AH Coetzee*	–	2 789	1 653	–	1 858	6 300
Non-executive						
KB Mosehla	660	–	–	–	–	660
R Havenstein	958	–	–	–	–	958
DH Brown	608	–	–	–	–	608
CK Chabedi	717	–	–	–	–	717
HH Hickey	578	–	–	–	–	578
NY Jekwa	449	–	–	–	–	449
MH Jonas***	219	–	–	–	–	219
TE Kgosi	803	–	–	–	–	803
TI Mvusi	329	–	–	–	–	329
JJ Nel**	232	–	–	–	–	232
JG Smithies	437	–	–	–	–	437
	5 990	12 852	12 336	11 512	19 061	61 751

** 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*

*** Mr JJ Nel was appointed as an independent non-executive director on 6 November 2018 and as a member of the audit and risk committee*

**** Mr MH Jonas was appointed as an independent non-executive director on 6 November 2018*

Also see the remuneration report included in the Annual Integrated Report for further details on the remuneration accrued and paid to executive directors.

An analysis of the non-executive fees in respect of the board and board committee services for the financial year ended 30 June 2019 is as follows:

	Board	Audit and risk committee	Health, safety and environ-mental committee	Investment committee	Social, ethics, human resources and transfor-mation committee	Nomina-tion committee	*Ad hoc* fees	Additional meetings held during 2018 – approved at the November 2018 AGM	Total
	R000	R000	R000	R000	R000	R000	R000		R000
KB Mosehla	435	–	–	88	–	90	–	47	660
R Havenstein	374	146	142	88	–	122	39	47	958
DH Brown	329	159	–	120	–	–	–	–	608
CK Chabedi	329	–	108	88	127	–	–	65	717
HH Hickey	329	202	–	–	–	–	–	47	578
NY Jekwa*	329	13	–	–	107	–	–	–	449
MH Jonas**	219	–	–	–	–	–	–	–	219
TE Kgosi	329	146	–	–	164	90	56	18	803
TI Mvusi	329	–	–	–	–	–	–	–	329
JJ Nel***	219	13	–	–	–	–	–	–	232
JG Smithies	329	–	108	–	–	–	–	–	437
	3 550	679	358	384	398	302	95	224	5 990

**Dr NY Jekwa was appointed as a member of the audit and risk committee with effect from 1 June 2019*

*** Mr MH Jonas was appointed as an independent non-executive director on 6 November 2018*

**** Mr JJ Nel was appointed as an independent non-executive director on 6 November 2018 and as a member of the audit and risk committee with effect from 1 June 2019*

The directors' remuneration for the year ended 30 June 2018 was as follows:

	Fees	Re-muneration package	Performance bonus and retention payouts	Benefits	Gain on share-based payments	Total
	R000	R000	R000	R000	R000	R000
Executive						
PA Dunne	–	8 000	7 868	1 000	7 839	24 707
AZ Khumalo	–	3 830	3 816	518	4 178	12 342
Non-executive						
KB Mosehla	518	–	–	–	–	518
R Havenstein	803	–	–	–	–	803
DH Brown*	367	–	–	–	–	367
CK Chabedi	591	–	–	–	–	591
HH Hickey	496	–	–	–	–	496
NY Jekwa**	263	–	–	–	–	263
TE Kgosi	676	–	–	–	–	676
TI Mvusi	307	–	–	–	–	307
JG Smithies	372	–	–	–	–	372
PL Zim***	159	–	–	–	–	159
	4 552	11 830	11 684	1 518	12 017	41 601

** Mr Brown was appointed as an independent non-executive director on 7 November 2017 and as a member of the audit and risk committee*
*** Dr Jekwa was appointed as an independent non-executive director on 8 November 2017 and as a member of the social, ethics and human resources committee*
**** Mr Zim retired at the conclusion of the AGM on 7 November 2017*

An analysis of the non-executive fees in respect of the board and board committee services for the financial year ended 30 June 2018 was as follows:

	Board	Audit and risk committee	Health, safety and environ-mental committee	Investment committee	Social, ethics and human resources committee	Nominations committee	*Ad hoc* fees	Total
	R000	R000	R000	R000	R000	R000	R000	R000
KB Mosehla	369	–	–	82	36	31	–	518
R Havenstein	350	148	135	93	–	77	–	803
DH Brown	198	96	–	73	–	–	–	367
CK Chabedi	307	–	101	82	101	–	–	591
HH Hickey	307	189	–	–	–	–	–	496
NY Jekwa	198	–	–	–	65	–	–	263
TE Kgosi	307	148	–	–	135	48	38	676
TI Mvusi	307	–	–	–	–	–	–	307
JG Smithies	307	–	65	–	–	–	–	372
PL Zim	142	–	–	–	–	17	–	159
	2 792	581	301	330	337	173	38	4 552

Service contracts

PA Dunne, the chief executive officer, has a service contract with Northam, which is subject to a notice period of one year. AH Coetzee, the chief financial officer, has a service contract with Northam, which is subject to a notice period of six months.

DIRECTORS' REPORT continued

Directors' interest

According to information available to Northam, after reasonable enquiry, the interests of the directors and their families in the shares of Northam at 30 June 2019 were as follows. All direct beneficial holdings were acquired in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
PA Dunne	41 050	–	41 050
KB Mosehla	–	64 000	64 000
KB Mosehla*	–	5 116 974	5 116 974
CK Chabedi*	–	204 000	204 000
TE Kgosi*	–	635 000	635 000
	41 050	6 019 974	6 061 024

** Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Mosehla acquired a beneficial interest in the ordinary stated capital of Zambezi Platinum (RF) Limited. This resulted in them and their associates acquiring an effective interest in Northam shares.*

The following directors held preferences shares in Zambezi as at 30 June 2019, purchased in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
AH Coetzee	15 800	–	15 800
KB Mosehla	–	17 200	17 200
	15 800	17 200	33 000

There have been no changes in these holdings from 30 June 2019 to the date of the annual financial statements.

The interests of the directors and their families in the shares of Northam at 30 June 2018 were as follows. All direct beneficial holdings were acquired in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
PA Dunne	41 050	–	41 050
AZ Khumalo	15 780	–	15 780
KB Mosehla	–	64 000	64 000
KB Mosehla*	–	5 116 974	5 116 974
CK Chabedi*	–	204 000	204 000
TE Kgosi*	–	635 000	635 000
	56 830	6 019 974	6 076 804

** Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Mosehla acquired a beneficial interest in the ordinary stated capital of Zambezi Platinum (RF) Limited. This resulted in them and their associates acquiring an effective interest in Northam shares.*

The following directors held preferences shares in Zambezi as at 30 June 2018, purchased in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
AZ Khumalo	500	–	500
KB Mosehla	–	17 200	17 200
	500	17 200	17 700

Analysis of shareholders

The analysis of shareholders as at 30 June 2019 was as follows:

Shareholding range	Number of shareholders	Total of shareholding	Percentage holding (%)
	2019	2019	2019
1 – 5 000	4 196	3 146 850	0.62
5 001 – 10 000	219	1 630 714	0.32
10 001 – 50 000	346	8 211 183	1.61
50 001 – 100 000	99	7 152 829	1.40
100 001 – 1 000 000	239	77 351 815	15.17
1 000 001 and more	65	412 287 821	80.88
	5 164	509 781 212	100.00

Geographical analysis of shareholders	Total shareholding	Percentage holding (%)
	2019	2019
Australasia	76 905	0.01
Europe and United Kingdom	7 988 139	1.57
North America	36 041 387	7.07
Far East	111 119	0.02
South Africa	465 563 662	91.33
	509 781 212	100.00

Major shareholders	Number of shares	Percentage holding (%)
	2019	2019
Zambezi Platinum (RF) Proprietary Limited	159 905 453	31.37
Coronation Asset Management	141 243 662	27.71
Public Investment Corporation	49 133 979	9.64
Fairtree Capital	20 187 523	3.96
Kagiso Asset Management	16 182 779	3.17

Shareholder spread	Number of shareholders	Percentage holding (%)
	2019	2019
Public	5 159	67.44
Zambezi Platinum (RF) Limited	1	31.37
Directors	4	1.19
	5 164	100.00

Northam share incentive plan (SIP)

The SIP was approved in 2011 when shareholders approved that the Northam share option scheme be discontinued and replaced by the SIP, as the scheme no longer served the primary purpose of attracting and retaining employees.

The SIP is a full share-type plan which incorporates a combination of a conditional share plan (CSP) and a forfeitable share plan (FSP).

The key features that are common to both the CSP and the FSP are as follows:

- All senior officials and executives, including executive directors, in job grade D lower and above are eligible.
- Non-executive directors are not eligible to participate.
- Employees will not be required to pay for shares granted to them.
- In the event of a change of control of the company, all awards will vest.
- In the event of a variation in the stated capital of Northam such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc., employees will continue to participate in the SIP. The social, ethics, human resources and transformation (SEHR&T) committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event.
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards.
- Any adjustments made will be reported in the annual financial statements in the year during which the adjustment is made.

In order to avoid any future dilution, all shares will either be cash settled or equity settled through purchases in the open market. Currently all shares are treated as cash settled.

Key features of the CSP and FSP are as follows:

CSP

- Shares will be awarded or granted to employees once a year.
- The number of conditional shares awarded, and the extent to which they will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof.
- Both the retention shares and the performance shares will vest after three years.
- Performance conditions will be set by the SEHR&T committee before an award is made, and will be based on appropriate company performance measures at the time.

FSP

- Shares, which have no performance conditions attached, can only be awarded or granted in exceptional circumstances, approved by the SEHR&T committee, for purposes of attracting key new employees.
- The number of forfeitable shares awarded will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements.
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from award date.
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting.
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employment of a group company for a predetermined vesting period. No company performance conditions will apply.

No shares were allocated under the FSP during the year under review or previous financial years.

The SEHR&T committee shall be entitled to determine that a participant shall receive the settlement amount in lieu of receiving the conditional shares (including BEE transaction conditional shares) on settlement.

The SEHR&T committee, which is charged with overseeing the group's remuneration policy, reviews the performance criteria annually and revises them as economic and operational circumstances dictate.

Below are the details of the shares allocated under the CSP for the financial year ended 30 June 2019:

Award date	Details	Total number of shares	Retention shares	Performance shares
		2019	2019	2019
Balance at 1 July 2018		7 223 500	1 824 950	5 398 550
6 November 2018	Shares awarded	3 299 600	819 500	2 480 100
	Shares forfeited	(654 182)	(62 050)	(592 132)
	Shares cash settled	(2 565 818)	(750 000)	(1 815 818)
Balance as at 30 June 2019		7 303 100	1 832 400	5 470 700

At 30 June 2019 the following awards were outstanding:

Award date	Details	Total number of shares	Shares to be settled within the next 12 months	Shares to be settled thereafter
		2019	2019	2019
8 November 2016	Retention shares	436 100	436 100	–
8 November 2016	Performance shares	1 289 300	1 289 300	–
2 November 2017	Retention shares	623 000	–	623 000
2 November 2017	Performance shares	1 841 700	–	1 841 700
6 November 2018	Retention shares	773 300	–	773 300
6 November 2018	Performance shares	2 339 700	–	2 339 700
Balance as at 30 June 2019		7 303 100	1 725 400	5 577 700

Below are the details of the shares allocated under the CSP for the financial year ended 30 June 2018:

Award date	Details	Total number of shares	Retention shares	Performance shares
		2018	2018	2018
Balance at 1 July 2017		6 912 100	1 745 700	5 166 400
2 November 2017	Shares awarded	2 804 200	709 000	2 095 200
	Shares forfeited	(360 950)	(90 900)	(270 050)
	Shares cash settled	(2 131 850)	(538 850)	(1 593 000)
Balance as at 30 June 2018		7 223 500	1 824 950	5 398 550

At 30 June 2018 the following awards were outstanding:

Award date	Details	Total number of shares	Shares to be settled within the next 12 months	Shares to be settled thereafter
		2018	2018	2018
11 November 2015	Retention shares	649 950	649 950	–
11 November 2015	Performance shares	1 925 350	1 925 350	–
8 November 2016	Retention shares	488 500	–	488 500
8 November 2016	Performance shares	1 444 100	–	1 444 100
2 November 2017	Retention shares	686 500	–	686 500
2 November 2017	Performance shares	2 029 100	–	2 029 100
Balance as at 30 June 2018		7 223 500	2 575 300	4 648 200

Refer to the remuneration report included in the Annual Integrated Report for further details of the SIP and the various elements associated with the SIP.

Lock-in and incentive mechanism (LIM)

The implementation of the Zambezi BEE transaction resulted in a number of significant benefits for the group, including compliance with the required empowerment criteria in terms of the Mineral Petroleum Resources Development Act No. 28 of 2002 and the Mining Charter, at the time of implementation of the BEE transaction, as well as a significant cash injection to fund both mergers and acquisitions and organic growth.

However, the guarantee provided by Northam to the holders of the preferences shares issued by Zambezi, may result in dilution for Northam shareholders and erosion of shareholder value.

A number of Northam shareholders expressed concerns regarding this dilution risk that the guarantee holds for Northam shareholders, and recommended that the group appropriately incentivise management to mitigate the specific risks associated with the guarantee provided.

In response to the above, Northam shareholders approved a modification to the rules of the SIP, and the SEHR&T committee implemented the LIM in 2016. Of the 95.1% of shares which voted, 77.7% of the shareholders approved the LIM at the time.

The LIM appropriately addresses both the long-term and short-term concerns of shareholders, by incentivising management to consistently maintain the Northam share price above the related preference share liability over the 10-year lock-in period.

The LIM aligns the interest of management to those of the Northam shareholders and comprises a long and short term element as is explained below:

Long-term BEE transaction incentive plan (BIP)

The BIP addresses the long-term incentivisation and retention of its participants by aligning their interest with that of Northam shareholders through equity participation. It forms part of the SIP and will reward management for the successful delivery and implementation of the group's BEE transaction.

The participation in the BIP is limited to key members of current and future key executive management team including the chief executive officer (CEO), chief commercial officer (CCO), chief geologist (CG), chief technical officer (CTO), executive officer HR (EHR) and the senior general managers of Booysendal and Zondereinde mines (GM) (participants).

The position of CTO has not been filled and remains subject to employing a suitable candidate. Should the position not be filled no shares will be issued.

In terms of the BIP, an aggregate of a maximum of five million shares for all participants, in total could be awarded, of which the following number of shares were issued to date as listed below:

	Number of shares 2019	Number of shares 2018
CEO	1 500 000	1 500 000
CFO	–	700 000
CCO	500 000	500 000
CG	500 000	500 000
EHR	500 000	500 000
GM Booysendal	200 000	200 000
GM Zondereinde	200 000	200 000
Total number of shares issued	3 400 000	4 100 000

During the year under review, the former CFO's BIP shares lapsed pursuant to the terms and conditions of the rules upon him leaving the employment of Northam.

The aggregate number of shares issued, represents less than 1% of the total issued stated capital of Northam, and may be settled in cash or shares at the election of the SEHR&T committee or the committee responsible for administering the SIP at that time.

Vesting

Vesting will be subject to the satisfaction of the performance condition that Zambezi

- fully settles the preference share liability (requiring a share price of R149.36 per share using the prevailing South African prime rate) and
- fully settles all tax liabilities or makes adequate provision for all its tax liabilities arising from settlement of the redemption amount (requiring a share price of R202.02 per share using the prevailing South African prime rate),

on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purpose of, or in connection with the settlement of the redemption amount.

In the event that the share price is not at R202.02 per share at the redemption date, these shares will not vest, and no value will accrue to the participants.

Subsequent to year-end the South African prime interest rate changed. Accordingly, for purposes of settling the preference share liability and all tax liabilities, Northam's share price is required to be R147.42 per share and R199.28 per share, respectively.

In the event that the preference shares are redeemed before the expected redemption date (17 May 2025) and if the performance conditions are satisfied at that time, the shares will vest *pro rata* to the number of years of the performance period (commenced on 18 May 2015) that has been completed at that time.

In the event that Northam undergoes a change of control, all the shares that have not vested will vest in full at that time, irrespective of whether the performance conditions have been met or not.

Short-term cash incentive bonus in respect of the Zambezi BEE transaction (CIBB)

The CIBB is intended to comprise an incentive and a retention mechanism in the short to medium term, and further aligns management's interests with those of Northam shareholders.

Participants in the CIBB will include the participants of the aforementioned BIP and may include, from time to time, other employees of the group deemed to be critical to the group's operations and strategy. Participants in the CIBB, other than BIP participants, must be recommended for participation to the scheme by management, subject to approval by the SEHR&T committee.

Payments under the CIBB will be made annually, subject to the fulfilment of the CIBB performance conditions, as set out below, as at the 31st trading day following the publication of the company's financial results for each financial year (condition date).

Participants will receive, on an annual basis, 15% of their basic salary (BRP) remuneration excluding performance bonuses, if the value of a share (calculated as the 60 day volume weighted average prince (VWAP)) at the condition date is equal to or greater than the redemption amount per Zambezi preference share.

Furthermore, participants will receive, on an annual basis, an additional 15% of their BRP remuneration excluding performance bonuses, if the aggregate value of the shares held by Zambezi at the condition date (using the 60 day VWAP) is sufficient to, in addition to fully settle the redemption amount, fully settle or make adequate provision for all of Zambezi's tax liabilities arising from settlement of the redemption amount, on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount.

This will effectively incentivise achievement of the CIBB performance conditions on an annual basis.

For the avoidance of doubt, no CIBB payment will be made unless the CIBB performance conditions are achieved in that year.

The CIBB acts as a robust employee retention mechanism. In the event that a CIBB recipient leaves the employ of the group within 12 months of receiving a CIBB (restraint period) for reason of a fault termination, that person will be required to repay to the company, before the deduction of PAYE, the *pro rata* amount of the CIBB received (calculated according to the number of months remaining in the restraint period) (CIBB refund). The CIBB refund penalty will dissuade CIBB participants from leaving the employ of the group by financially penalising them if they leave.

The CIBB will be terminated upon settlement or lapse of the BIP.

Since inception of the LIM incentives, no payment has been made to senior management or executive directors.

Refer to the remuneration report included in the Annual Integrated Report for further details of the LIM and the various elements associated with the LIM.

Special resolutions

The following special resolutions were passed by the shareholders at the AGM on Tuesday, 6 November 2018:

- Approval of amendments to the existing MOI to increase the maximum number of directors;
- Approval of non-executive directors' remuneration for the year ending 30 June 2019;
- Approval of financial assistance; and
- Approval for general authority to repurchase issued shares.

Notice of the 2019 annual general meeting (AGM)

Notice is given in terms of section 62(1) of the Companies Act that the AGM of shareholders of Northam will be held at Northam, Building 4 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Thursday, 7 November 2019 at 12:00 for the following purposes:

Presenting the consolidated audited group financial statements and considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below:

Ordinary resolutions

- Re-electing and electing directors;
- Re-appointing the independent external auditors;
- Re-electing the audit and risk committee members, and
- Endorsing the group's remuneration policy and implementation report.

Special resolutions

- Approval of non-executive directors' fees;
- Approval of financial assistance and
- Approval of general authority to repurchase issued shares.

As well as transacting any other business as may be conducted at an AGM.

Record dates

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

- receive the notice as Friday, 23 August 2019 (being the date on which a shareholder must be registered in the company's securities register); and
- participate in and vote at the AGM as Friday, 25 October 2019 (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM). The last day to trade in order to be entitled to participate in and vote at the AGM will therefore be Tuesday, 22 October 2019.

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 annual financial results, issued capital, reserves and retained earnings.

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

Events after the reporting date

There have been no events subsequent to the year-end, which require additional disclosure or adjustment to these financial results, other than what has been disclosed in the financial statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In approving the annual financial statements, the directors hereby confirm:

- That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Northam and its subsidiaries. The auditors are responsible for auditing and reporting on whether the annual financial statements are fairly presented.
- The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can only provide reasonable and not absolute, assurance against material misstatement or loss.
- The annual financial statements have been prepared in accordance with International Financial Reporting Standards. They conform and adhere to applicable accounting standards and are presented after applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
- Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire financial year.
- They have reviewed the additional information included in the Annual Integrated Report and are responsible for both the accuracy and consistency with the annual financial statements.
- The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.
- The annual financial statements have been audited by the independent auditors, Ernst & Young Inc. who were given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unmodified audit report of Ernst & Young Inc. is included in these annual financial statements.

The annual financial statements were approved by the board of directors on 20 August 2019 and are signed on its behalf by:

KB Mosehla
Chairman

PA Dunne
Chief executive

HH Hickey
Chairperson – audit and risk committee

Johannesburg
20 August 2019

COMPANY SECRETARY'S CONFIRMATION

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

PB Beale
Company secretary

Johannesburg
20 August 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

		Group		Company	
		2019	2018	2019	2018
	Note	R000	R000	R000	R000
Sales revenue	32	10 649 506	7 552 181	10 280 223	7 142 893
Cost of sales		(8 239 481)	(6 728 867)	(8 969 437)	(6 787 469)
Operating costs	33	(7 607 161)	(6 318 000)	(5 069 318)	(4 240 251)
Concentrates purchased		(327 572)	(1 410 506)	(3 747 389)	(3 963 939)
Refining and other costs		(135 104)	(123 840)	(135 104)	(123 840)
Depreciation and write-offs		(487 165)	(441 865)	(166 210)	(152 041)
Change in metal inventories		317 521	1 565 344	148 584	1 692 602
Gross profit		2 410 025	823 314	1 310 786	355 424
Share of earnings from associates	5	11 153	4 162	–	–
Investment income	34	56 260	52 633	168 951	63 761
Finance charges excluding preference share dividends	35	(184 027)	(68 481)	(425 613)	(210 428)
Net foreign exchange transaction gains		10 411	2 368	11 098	4 135
Sundry income	36	77 472	217 005	64 919	86 685
Sundry expenditure	37	(357 713)	(380 944)	(134 802)	(70 341)
Profit before preference share dividends		2 023 581	650 057	995 339	229 236
Amortisation of liquidity fees paid on preference shares		(16 390)	(16 390)	–	–
Preference share dividends net of amounts capitalised		(1 305 244)	(1 106 684)	–	–
Loss on derecognition of preference share liability		–	(8)	–	–
Profit/(loss) before tax		701 947	(473 025)	995 339	229 236
Taxation	38	(641 854)	(231 973)	(269 057)	(86 624)
Profit/(loss) for the year		60 093	(704 998)	726 282	142 612
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss		11 354	(364)	8 201	(2 039)
Fair value adjustment on the investment in Zambezi Platinum (RF) Limited preference shares net of deferred tax	7	–	–	8 201	–
Reclassification to profit and loss (relating to an impairment)	7	–	–	–	(2 039)
Exchange differences on translation of foreign operations		11 354	(364)	–	–
Total comprehensive income for the year		71 447	(705 362)	734 483	140 573

		Cents	Cents
Earnings/(loss) per share (cents)	39	17.2	(201.5)
Fully diluted earnings/(loss) per share (cents)	39	17.2	(201.5)

STATEMENTS OF FINANCIAL POSITION

For the year ended 30 June 2019

		Group			Company		
		2019	Restated* 2018	Restated* 1 July 2017	2019	Restated* 2018	Restated* 1 July 2017
	Note	R000	R000	R000	R000	R000	R000
Assets							
Non-current assets		21 604 214	19 108 944	15 483 553	18 510 908	17 554 936	14 019 436
Property, plant and equipment	3	14 484 795	11 874 146	9 022 260	4 152 118	3 658 338	3 323 252
Mining properties and mineral resources	4	6 722 551	6 765 390	5 772 572	1 110 723	1 130 284	116 558
Investment held in escrow	12	16 841	–	–	–	–	–
Interest in associates	5	46 299	35 146	30 984	–	–	–
Investment in subsidiaries	6	–	–	–	12 353 207	12 351 835	10 216 000
Other investments	7	–	–	–	306 734	249 618	230 505
Land and township development	8	71 414	65 680	48 529	16 600	45 444	22 749
Long-term receivables	9	85 536	86 897	83 745	13 851	8 451	–
Investments held by Northam Platinum Restoration Trust Fund	10	120 080	110 626	102 233	60 040	55 333	48 274
Environmental Guarantee Investment	11	42 043	68 899	68 104	27 037	55 633	54 507
Buttonshope Conservancy Trust	12	13 218	12 203	11 126	–	–	–
Long-term prepayments	13	563	89 608	336 409	–	–	–
Long-term subsidiary loan	14	–	–	–	470 598	–	–
Other financial assets		–	–	7 591	–	–	7 591
Deferred tax asset	20	874	349	–	–	–	–
Current assets		5 340 449	4 715 090	4 103 337	5 512 210	4 765 438	5 433 769
Short-term subsidiary loan	14	–	–	–	639 739	99 225	1 838 213
Inventories	15	3 762 675	3 386 795	1 729 102	3 538 150	3 381 744	1 673 000
Trade and other receivables	16	621 938	924 085	548 997	480 679	993 403	487 956
Cash and cash equivalents	17	950 315	388 702	1 786 865	853 642	280 916	1 396 677
Tax receivable		5 521	15 508	38 373	–	10 150	37 923
Non-current assets held for sale	5	–	–	49 222	–	–	49 222
Total assets		26 944 663	23 824 034	19 636 112	24 023 118	22 320 374	19 502 427
Equity and liabilities							
Stated capital	18	13 778 114	13 778 114	13 778 114	13 778 114	13 778 114	13 778 114
Treasury shares	18	(6 556 123)	(6 556 123)	(6 556 123)	–	–	–
Accumulated loss		(650 629)	(709 396)	(4 398)	(5 048 080)	(5 774 362)	(5 916 974)
Other comprehensive income	7	–	–	–	8 201	–	2 039
Equity-settled share-based payment reserve	19	874 448	874 448	874 448	1 173 756	1 173 756	1 173 756
Foreign currency translation reserve		10 990	(364)	–	–	–	–
Total equity		7 456 800	7 386 679	8 092 041	9 911 991	9 177 508	9 036 935
Non-current liabilities		16 870 813	12 832 267	9 929 685	12 506 089	10 197 831	9 005 235
Deferred tax liability	20	1 419 467	824 794	585 883	937 802	700 878	605 265
Long-term provisions	21	679 459	640 128	304 829	141 883	131 793	141 284
Long-term loans	22	140 510	182 063	249 428	96 067	123 176	249 428
Long-term share-based payment liability	26	160 746	78 999	88 639	90 896	45 257	52 233
Financial guarantee liability	23	–	–	–	7 535 944	7 535 944	7 535 944
Domestic medium-term notes	24	1 566 304	174 288	421 081	1 566 304	174 288	421 081
Preference share liability	25	10 767 134	9 445 500	8 279 825	–	–	–
Revolving credit facility	27	2 137 193	1 486 495	–	2 137 193	1 486 495	–
Current liabilities		2 617 050	3 605 088	1 614 386	1 605 038	2 945 035	1 460 257
Current portion of long-term loans	22	33 837	24 540	13 434	23 720	16 896	13 434
Current portion of domestic medium-term notes	24	248 580	1 243 440	–	248 580	1 243 440	–
Short-term share-based payment liability	26	86 814	78 340	75 026	52 720	44 604	45 988
Tax payable		24 910	117	102 550	24 865	–	–
Trade and other payables	28	1 931 173	1 963 202	1 203 596	1 032 668	1 368 964	1 239 838
Provisional pricing derivatives	29	26 206	2 773	64 576	17 055	–	15 025
Bank overdraft	17	–	95 535	–	–	95 228	–
Short-term provisions	30	265 530	197 141	155 204	205 430	175 903	145 972
Total equity and liabilities		26 944 663	23 824 034	19 636 112	24 023 118	22 320 374	19 502 427

* Restated after the adoption of IFRS 15 Revenue from Contracts with Customers (refer note 1 and 32), as well as the retrospective amendment of the mining properties and mineral resources relating to the Dwaalkop Joint Arrangement (refer note 4)

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2019

Group	Stated capital	Equity-settled share-based payment reserve	Accumulated loss	Foreign currency translation reserve**	Total equity
	R000	R000	R000	R000	R000
Closing balance as at 30 June 2017	7 221 991	874 448	(4 398)	–	8 092 041
Impact of the adoption of IFRS 15*	–	–	–	–	–
Opening balance as at 1 July 2017	7 221 991	874 448	(4 398)	–	8 092 041
Total comprehensive income for the year	–	–	(704 998)	(364)	(705 362)
Loss for the year	–	–	(704 998)	–	(704 998)
Other comprehensive income for the year	–	–	–	(364)	(364)
Balance as at 30 June 2018	7 221 991	874 448	(709 396)	(364)	7 386 679
Impact of the adoption of IFRS 9 (refer note 1 and 9)	–	–	(1 326)	–	(1 326)
Opening balance as at 1 July 2018	7 221 991	874 448	(710 722)	(364)	7 385 353
Total comprehensive income for the year	–	–	60 093	11 354	71 447
Profit for the year	–	–	60 093	–	60 093
Other comprehensive income for the year	–	–	–	11 354	11 354
Balance as at 30 June 2019	7 221 991	874 448	(650 629)	10 990	7 456 800
Note	18	19			

** No adjustment required after the adoption of IFRS 15 Revenue from Contracts with Customers (refer notes 1 and 32)*

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

Company	Stated capital	Equity-settled share-based payment reserve	Accumulated loss	Fair value through other comprehensive income**	Total equity
	R000	R000	R000	R000	R000
Closing balance as at 30 June 2017	13 778 114	1 173 756	(5 916 974)	2 039	9 036 935
Impact of the adoption of IFRS 15*	–	–	–	–	–
Opening balance as at 1 July 2017	13 778 114	1 173 756	(5 916 974)	2 039	9 036 935
Total comprehensive income for the year	–	–	142 612	(2 039)	140 573
Profit for the year	–	–	142 612	–	142 612
Other comprehensive income for the year	–	–	–	(2 039)	(2 039)
Balance as at 30 June 2018	13 778 114	1 173 756	(5 774 362)	–	9 177 508
Impact of the adoption of IFRS 9 (refer note 1 and 9)	–	–	–	–	–
Opening balance as at 1 July 2018	13 778 114	1 173 756	(5 774 362)	–	9 177 508
Total comprehensive income for the year	–	–	726 282	8 201	734 483
Profit for the year	–	–	726 282	–	726 282
Other comprehensive income for the year	–	–	–	8 201	8 201
Balance as at 30 June 2019	13 778 114	1 173 756	(5 048 080)	8 201	9 911 991
Note	18	19			

** No adjustment required after the adoption of IFRS 15 Revenue from Contracts with Customers (refer notes 1 and 32)*

*** Previously called Available for sale reserve. There has been no change in the measurement criteria, only a change in name in accordance with IFRS 9 Financial Instruments (refer notes 1)*

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2019

		Group		Company	
		2019	2018	2019	2018
	Note	R000	R000	R000	R000
Cash flows from operating activities		2 711 918	(342 232)	1 575 919	(1 552 723)
Cash generated from operations	40	2 724 967	1 132 187	1 457 997	532 632
Change in working capital	41	(47 856)	(1 547 247)	54 695	(2 139 959)
Interest income received		49 969	61 058	33 184	39 948
Dividend income received		3 398	–	684	–
Movement relating to land and township development		(5 734)	(17 151)	28 844	(22 695)
Taxation (paid)/refund received	42	(12 826)	28 921	515	37 351
Cash flows utilised in investing activities		(2 686 063)	(3 580 937)	(1 542 684)	(2 035 132)
Property, plant and equipment, mining properties and mineral reserves					
Additions to maintain operations		(221 791)	(385 609)	(68 425)	(249 467)
Additions to expand operations		(2 277 100)	(3 036 727)	(607 892)	(1 444 250)
Disposal proceeds		26 099	5 133	24 116	14 395
Investment held in escrow		(16 841)	–	–	–
Amounts paid in respect of long-term prepayments	13	(212 817)	(202 691)	–	–
Cash calls made to the Pandora joint venture	5	–	(1 347)	–	(1 347)
Movement in the Norplats Properties Proprietary Limited loan		–	–	9 448	15 297
Movement in the Mining Technical Services Proprietary Limited loan		–	–	(8 053)	3 634
Advances provided to Booysendal Platinum Proprietary Limited		–	–	(449 197)	–
Advances provided to Eland Platinum Proprietary Limited		–	–	(451 007)	–
Advances provided to the US recycling operations		–	–	(15 563)	–
Various smaller subsidiary loan repayments		–	–	–	(31)
Increase in investments held by Northam Platinum Restoration Trust Fund		(9 454)	(8 393)	(4 707)	(7 059)
Refunds received on the cancellation of the Environmental Guarantee investment policy		66 424	–	56 986	–
Increase in investments held by Environmental Guarantee investment		(39 568)	(795)	(28 390)	(1 126)
Increase in investment held in Buttonshope Conservancy Trust		(1 015)	(1 077)	–	–
Investment made in Eland Platinum Proprietary Limited		–	–	–	(275 000)
Investment made in the US subsidiaries	6	–	–	–	(140 747)
Proceeds received from the sale of the non-current asset held for sale	5	–	50 569	–	50 569
Cash flows generated from financing activities		615 004	2 421 486	618 430	2 368 881
Interest paid		(410 455)	(158 170)	(407 029)	(150 175)
Repayment of long-term loan	22	(9 400)	(9 400)	(9 400)	–
Issue of long-term loans		–	100 000	–	30 000
Draw down on revolving credit facility	27	850 000	2 000 000	850 000	2 000 000
Repayment of revolving credit facility	27	(200 000)	(500 000)	(200 000)	(500 000)
Issue of domestic medium-term notes	24	1 650 000	1 000 000	1 650 000	1 000 000
Repayment of domestic medium-term notes	24	(1 250 000)	–	(1 250 000)	–
Transaction fees paid		(15 141)	(9 267)	(15 141)	(9 267)
Acquisition of Zambezi Platinum (RF) Limited preference shares	7	–	(1 677)	–	(1 677)
Increase/(decrease) in cash and cash equivalents		640 859	(1 501 683)	651 665	(1 218 974)
Net foreign exchange difference on cash and cash equivalents		16 289	7 985	16 289	7 985
Cash and cash equivalents at the beginning of the year		293 167	1 786 865	185 688	1 396 677
Cash and cash equivalents at the end of the year	17	950 315	293 167	853 642	185 688

ACCOUNTING POLICIES

For the year ended 30 June 2019

1. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments and liabilities that are stated at fair value. Details of the accounting policies are set out below and are consistent with those applied in the previous financial year, except where otherwise indicated.

The financial statements are in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act of South Africa.

The annual financial statements are presented in South African rand, which is the presentation currency.

The preparation of financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's group accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in notes to the financial statements.

1.1 New accounting policies adopted

The following standards, amendments or interpretations applicable to the group which became effective for the year beginning 1 July 2018 were adopted in the group's year-end results

- 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 annual financial statements.

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 financial 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.

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		
Other investments*	Available for sale	Fair value through other comprehensive income
Long-term receivables	Loans and receivables	Amortised cost
Investments held by Northam Platinum Restoration Trust Fund	Loans and receivables	Fair value through profit or loss
Environmental Guarantee Investment	Loans and receivables	Fair value through profit or loss
Subsidiary loans receivable*	Loans and receivables	Amortised cost
Buttonshope Conservancy Trust	Loans and receivables	Fair value through profit or loss
Trade and other receivables (excluding Provisional pricing receivable)	Loans and receivables	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	Loans and receivables	Amortised cost
Financial liabilities		
Long-term loans	Financial liabilities at amortised cost	Amortised cost
Financial guarantee liability*	Financial liabilities at amortised cost	Amortised cost
Domestic medium-term notes	Financial liabilities at amortised cost	Amortised cost
Preference share liability	Financial liabilities at amortised cost	Amortised cost
Revolving credit facility	Financial liabilities at amortised cost	Amortised cost
Trade and other payables	Loans and receivables	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	Loans and receivables	Amortised cost

**Applicable to the company accounts*

Financial assets

The characteristics of Long-term receivables, Subsidiary loans receivable, Trade and other receivables and Cash and cash equivalents were reassessed based on the requirements of IFRS 9 and with consideration of the group business model, which is to collect contractual cash flows, and it was concluded that they meet the criteria for amortised cost measurement. Therefore re-measurement 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.

Other investments are classified at fair value through other comprehensive income as these investments are held for collection of payment of principle and interest and to sell the investment if and when required by the group.

Provisional pricing receivables are measured at fair value through profit or loss and it relates 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 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 in the current and comparative period.

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) 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 considers its historical credit loss experience, adjusted for forward looking factors, that could indicate impairments taking into account the specific 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 underperforming. 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:

	Group	Company
	R000	**R000**
Impairments provided for with the adoption of IFRS 9	1 426	–
Deferred tax implication	(100)	–
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.

Measurement

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.

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 32) to the annual 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. The adoption of IFRS 15 therefore did not have an impact on the opening retained earnings balance.

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 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 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. Delivery takes place, either at the determined Northam 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. 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.

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 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 32). IFRS 15 did not impact profit or loss for the period, there was no impact on the statement of cash flows, or EPS.

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 financial results.

Amendments to IFRS 2 Share-based Payment

The IASB has issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas. The effects of vesting conditions on the measurement of a cash-settled share based payment transaction. The classification of a share-based payment transaction with net settlement features for withholding tax obligations. The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment did not have an impact on the financial results as the clarifications is consistent with current practices applied by the group.

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

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Standard or interpretation	Impact	Effective date
IFRS 16 Leases	IFRS 16 Leases is the International Accounting Standards Board (IASB)'s replacement of the following suite of standards: IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard includes requirements for recognition, measurement, presentation and disclosure of leases. The new Standard contains substantial changes and requires lessees to account for all leases by establishing a new on-balance sheet model similar to the accounting of finance leases under the old IAS 17 Leases Standard. Additional and more extensive disclosures are also required under IFRS 16 compared to IAS 17. *Lessees* The on-balance sheet model requires the lessee to recognise a liability representing the required payments on the lease (i.e., the lease liability) and an asset representing the lessee's right to use the underlying asset over the lease term (i.e., the right-of-use asset). Interest expense is calculated and recognised by the lessee on the lease liability and a separate depreciation expense is recognised on the right-of-use asset. The following 2 recognition exemptions are available in IFRS 16. Northam plans to utilise both expedients in the preparation of the financial information in the year in which the new Standard is effective: • leases of 'low-value' assets (e.g. personal computers); and • short-term leases (i.e. leases with a lease term of 12 months or less). Leases that fall within the above 2 categories will continue to be accounted for as operating leases, however the lease payments associated with those leases shall be recognised as an expense on a straight-line basis over the lease term with no right-of-use asset or lease liability being recognised and no corresponding depreciation or interest expense taken through the statement of profit or loss. IFRS 16 requires the lease liability to be remeasured by the lessee on the occurrence of certain events. The remeasurement gain or loss will result in an adjustment to the right-of-use asset. Possible events that would require the lessee to perform a remeasurement calculation include: changes to the lease term, changes to the lease payments, changes to an index or rate utilised to calculate the lease payments. *Lessors* There were no changes to the recognition and measurement of leases for lessor accounting. IFRS 16 in this regards is substantially unchanged from the previous accounting under IAS 17. IFRS 16 still requires lessors to identify leases as either operating or financing leases and utilises the same recognition, measurement, presentation and disclosure as in IAS 17. There are however additional disclosure requirements under IFRS 16.	1 January 2019

<table>
<tr><th>Standard or interpretation</th><th>Impact</th><th>Effective date</th></tr>
<tr><td></td><td> Transition to IFRS 16
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.
Northam plans to adopt IFRS 16 using the modified retrospective approach. The new Standard will therefore be applied to the annual period beginning 1 July 2019 for the 30 June 2020 year-end, with the cumulative impact on adoption being recognised as at 1 July 2019 and comparatives not being restated.
During the 2019 financial year, Northam continued its detailed assessment on the impact of the new Standard on the recognition, measurement and disclosure of leases. The assessment process included the following:

Reviewing the accounting policy of the group against the new requirements of IFRS 16 and performing a gap analysis
Identifying all contracts or agreements that fall outside the 2 recognition exemptions adopted by the group
Critically analysing the contracts or agreements identified above for evidence of a right-of-use asset (and therefore a lease) which would require recognition on the balance sheet for Northam in line with IFRS 16
Evaluating and calculating the impact that those leases would have on the recognition, measurement and disclosure requirements of IFRS 16

Based on progress to date of the detailed assessment outlined above, Northam has identified specific lease arrangements relating to housing which would be subject to the requirements of IFRS 16. This would therefore result in an adjustment to the opening balance of retained earnings on 1 July 2019, with a subsequent change to the classification of those leases as well as the timing of the expenses recognised in the statement of profit or loss. Leases that will be impacted by the application of the new Standard will also require an amendment to the disclosure of the relevant cash flows relating to lease payments. Previously operating lease payments would be presented as operating cash flows, however leases that are affected by the application of the new leases standard are required to have lease payments presented as financing cash flows. All other contracts and agreements which have been assessed to date have no material impact on adoption which is expected to be minimal taking into consideration the two recognition exemptions adopted by the group. Northam will continue to assess the impact of any developments relating to the new Standard, including practical application of the Standard by other entities. </td><td></td></tr>
<tr><td>IFRIC 23 Uncertainty over Income Tax Treatment</td><td> 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 not considered to have a material impact on the group results, but is still being assessed. </td><td>1 January 2019</td></tr>
</table>

Standard or interpretation	Impact	Effective date
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. Earlier application is permitted. This amendment will be taken into account when determining general borrowing costs which can be capitalised to qualifying assets, in accordance with the transition provisions.	1 January 2019
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 not be affected by these amendments on transition.	1 January 2020
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.	1 January 2020

Standard or interpretation	Impact	Effective date
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.	1 January 2020

Northam notes the new standards, amendments and interpretations which have been issued but not yet effective and does not plan to early adopt any of the standards, amendments and interpretations.

1.3 Consolidation

The consolidated financial statements include the results and financial position of the company, its subsidiaries and associates. Subsidiaries are entities in respect of which the group has power over and is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities.

Control would generally exist where the group owns more than 50% of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred. They are de-consolidated from the date on which control ceases. Control is reassessed if facts and circumstances indicated that there are changes to one or more of the elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as Northam Platinum Limited, using consistent accounting policies.

Investments in subsidiaries are recognised at cost less accumulated impairment losses in the accounts of the company.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies, including any resulting tax effect are eliminated.

Investment in subsidiaries are assessed for impairment at each reporting period as part of the group's impairment assessment, and detailed impairment testing is performed if there are any indications that an investment in a subsidiary could potentially be impaired.

1.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) that is expected to benefit from the combination. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicates that it might be impaired.

Business combination of entities under common control

Business combinations between entities under common control are accounted for using the pooling of interests method. Under this method the assets, liabilities and reserves of the acquired entity are recorded by the purchasing entity at their existing carrying values as recorded in the consolidated financial statements. As required by the pooling of interests method, the transfer is accounted for as if it occurred at the beginning of the financial year. The comparative amounts are not restated.

1.5 Associates and joint arrangements

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Associates are accounted for at cost and are adjusted for impairments where appropriate in the company financial statements.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities.

Investments in associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the associates carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an associates fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Dividends received from associates are included in investing activities in the statement of cash flow.

Where there is an additional investment in the associates, the purchase price paid for the additional interest is added to the existing carrying amount of the associate and the existing interest is not re-measured.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Any losses of equity accounted investments are brought to account in the financial statements until the investment in such investments is written down to zero. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such investees.

Upon loss of significant influence over the associates, the group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint Operation

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

In relation to its interests in joint operations, the financial statements of the group includes:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the group's interest in each asset and liability, income and expense of the joint operation.

1.6 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation/amortisation and accumulated impairments/reversal. Cost includes pre-production expenditure incurred during the development of a mine and the present value of related future decommissioning costs.

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowings costs are capitalised over the period during which the asset is being constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Mining and general infrastructure assets including metallurgical and refining plants

Mine development and infrastructure costs are capitalised to assets under construction and transferred when the mining venture reaches commercial production.

Items that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

Depreciation is first charged from the date on which the mining assets reaches commercial production levels. When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Mining assets are depreciated on a units of production basis based on reserves which are revised annually.

Where items of plant and equipment comprise separate, identifiable components that have differing useful lives, such components are depreciated according to their individual useful lives.

Decommissioning asset

The decommissioning asset is depreciated on the units of production basis, based on reserves, which are revised annually.

The decommissioning asset is recognised and subsequent changes in the assumptions which impact the asset is reflected in the asset as set out in the decommissioning provision accounting policy. The decommissioning asset is included as part of the mining plant and equipment when considering depreciation, impairment and derecognition.

Foreign currency prepayment

Prepayment relating to the manufacturing costs in terms of the aerial ropeway manufacturer agreement is currently incurred with a foreign supplier. The prepayment was initially accounted for at cost using the spot rate at transaction date. The construction of the ropeway will take place over a period of time. These prepayments will be capitalised to property, plant and equipment as and when construction of the aerial ropeway is finalised.

Other assets including buildings

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10% and 20% on a straight-line basis over their expected useful lives.

Buildings are depreciated on a straight-line basis over the estimated useful life, which is generally the life of mine.

Land and assets under construction

Land and assets under construction are recorded at cost of acquisition less accumulated impairment losses and are not depreciated.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant, equipment and mining properties is added to the carrying value of the asset when it is probable that future economic benefits will flow to the group. All other subsequent expenditure is recognised as an expense and included in profit or loss.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

An impairment review of property, plant and equipment is carried out when there is an indication that these may be impaired by comparing the carrying amount thereof to its recoverable amount.

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. 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.

The adjusted carrying amount is depreciated on a straight-line basis over the remaining useful life of property, plant and equipment.

Annual review of residual values, depreciation method and useful lives

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

Non-current assets held for sale

The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale and the sale is expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Exploration expenditure

Exploration and evaluation expenditure on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a feasibility study has been completed, after which the expenditure is capitalised if the feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until management is able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study. Costs relating to development activities as well as mineral resources bought are capitalised to mine development asset.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost as and when incurred.

1.7 Mining properties and mineral resources

Mining properties and mineral resources comprising mineral rights are recorded at cost of acquisition. Depreciation is first charged on new mining properties from the date on which the mining in respect of the mining property reaches commercial production levels. Mining properties are depreciated on a units of production basis based on reserves which are revised annually.

Mining properties and mineral resources acquired separately are measured on initial recognition at cost. Following initial recognition, these mining properties and mineral resources are carried at cost less any accumulated amortisation and any accumulated impairment losses.

1.8 Land and township development

The assets are recognised on the statement of financial position in accordance with IAS 2. We are comfortable that a buyer will always be found due to the housing requirements around our mines. Because these assets are normally held for a period of longer than 12 months, they are however deemed to be non-current assets. These assets are held at the lower of cost and net realisable value.

Net realisable value tests are performed at each reporting date and represent the current sales price of the houses, less estimated costs to complete production and bring the houses to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Land and township development, which is an initiative in order to assist the group’s employees to acquire their own affordable housing, is initially recognised at cost. Cost is determined on the basis of land acquisition, development and housing construction cost. Land and township development is derecognised when the risks and rewards of ownership of the property transfers to the employees.

Northam’s main business is not the development of properties but is obligated under South African mining legislation to offer certain of its employees house ownership as part of their benefits. To that end, it constructs houses which are sold to employees. The houses are mainly for employees but third parties can also acquire these properties. Therefore, the main aim of the disclosure of the land and township development activities provided is qualitative by nature, i.e. social and community advancement and employee benefits. The main business of the group is mining platinum group metals.

1.9 Financial instruments

Financial instruments recognised on the statement of financial position include investments (including investments held in trust funds), cash and cash equivalents, long-term receivables, trade receivables, trade payables, loans and borrowings and provisional pricing arrangements. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value except for trade receivables that do not contain a significant financing component which are recognised at the transaction price.

Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the amount for which an asset could be sold, or an amount paid to transfer a liability, in an orderly transaction in the principal or most advantageous market, at the measurement date under current market conditions regardless of whether this price is directly observable or estimated using a valuation technique. Fair values have been determined as follows: (i) where market prices are available, these have been used and (ii) where there are no market prices available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.

The fair value of the trade receivables, cash and cash equivalents, and trade payables approximates their carrying amount due to the short maturity period of these instruments.

Effective interest method

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.

Financial assets

Financial assets are classified as either at amortised cost, fair value through profit or loss or fair value through other comprehensive income.

The classification of the financial assets is dependent on the purpose and characteristics of the particular financial assets and is determined at the date of initial recognition.

Investments classified as fair value through other comprehensive income

Preference shares held are classified as fair value through other comprehensive income.

After initial recognition, investments, which are classified as fair value through other comprehensive income, are re-measured at fair value with all gains or losses recognised directly in other comprehensive income.

Investments classified as fair value through profit or loss

Investment held by Northam Platinum Restoration Trust Fund and Environmental Guarantee Investment receivables are classified as fair value through profit or loss.

After initial recognition, investments, which are classified as fair value through profit or loss, are re-measured at fair value with all gains or losses recognised directly in profit or loss.

Financial assets carried at amortised cost

Trade and other receivables, long-term receivables, subsidiary loans and cash and cash equivalents are classified as at amortised cost. After initial recognition, receivables (except for provisional pricing receivables) are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired as well as through the amortisation process.

Provisional pricing receivables/derivative

Financial assets with provisional pricing arrangements (provisional pricing receivables) are recognised as a separate category of trade and other receivables and are accounted for as fair value through profit or loss.

Provisional pricing receivables are recognised 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 (financial liability) 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 and 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 receivable / refundable is therefore no longer subject to fair value fluctuations.

Financial assets prior to 1 July 2018 under IAS 39 Financial Instruments - Recognition and Measurement

Financial assets were classified as available for sale or loans and receivables. The classification of the financial assets was dependent on the purpose and characteristics of the particular financial assets and was determined at the date of initial recognition.

Investments classified as available for sale

Preference shares held were classified as available for sale investments

After initial recognition, investments, which were classified as available for sale, where re-measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment was sold, collected or otherwise disposed of, or until the investment was determined to be impaired when it was recognised in profit or loss.

Loans and receivables

Loans and receivables related to non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and included trade and other receivables, long-term receivables and cash and cash equivalents. After initial recognition, receivables were subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses were recognised in profit or loss when the receivables were derecognised or impaired as well as through the amortisation process.

Impairment of financial instruments

The group assesses at each reporting date whether a financial asset or group of financial assets is impaired. Impairments are based on expected credit losses.

Expected credit losses (ECLs) are an estimate of credit losses over the life of a financial instrument and are recognized as a loss allowance or provision. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. Impaired debts are derecognised when they are assessed as uncollectible.

For trade receivables due in less than 12 months, the group applies the simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The group considers historical credit loss experience , adjusted for forward looking factors, that could indicate impairments taking into account the specific debtor and 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 underperforming. 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.

Impairment of financial instruments prior to 1 July 2018 under IAS 39 Financial Instruments – Recognition and Measurement

The group assessed at each reporting date whether a financial asset or group of financial assets is impaired

Assets carried at amortised cost

If there was objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Evidence of impairment included indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in estimated future cash flows. The carrying amount of the asset was reduced through use of an allowance account. The amount of the loss was recognised in profit or loss.

Impaired debts were derecognised when they were assessed as uncollectible

Available for sale financial assets

In the case of debt instruments classified as available for sale, impairment was assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment was the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continued to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income was recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increased and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss

Financial liabilities

Financial liabilities are recorded initially at the fair value of the consideration received, which is cost net of any issue costs associated with the borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issue.

Borrowings, trade and other payables and the preference share liability have been classified as financial liabilities.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Accrued dividends on preference shares are recognised as finance charges.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the expected credit losses and the amount recognised less cumulative amortisation. Amortisation is based on the total value of underlying liability still outstanding, as this better reflects the pattern of how the company provides the guarantee.

Financial liabilities prior to 1 July 2018 under IAS 39 Financial Instruments - Recognition and Measurement

There was no change in the recognition and measurement criteria for financial liabilities with the adoption of IFRS 9 Financial Instruments.

Derecognition of financial instruments

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.

1.10 Inventories

Consumable stores

Consumable stores consist of consumable and maintenance stores and are valued at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis. Consumable stores are under continual review and are written down in regard to age, condition and utility.

Metal on hand

Stocks of the three major platinum group elements and gold (4E), either in refined or in process form, are valued at the lower of cost of production (including the value of any purchased concentrate) or net realisable value. Production costs include an appropriate portion of overhead expenses. Cost is determined on the six month weighted average basis.

The average cost of normal production includes total costs incurred on mining and refining, including depreciation, less net revenue from the sale of by-products, including chrome, allocated to main products based on units produced under normal production.

Costs incurred in the production process, are appropriately accumulated as stockpiles, metal in process and product inventories. Platinum, palladium, rhodium and gold (4E) are treated as main products and other platinum group and base metals produced as by-products, including chrome, which are not classified as inventory.

Stockpiles are measured by estimating the stockpiled tonnes, the number of contained 4E ounces based on assay data, and the estimated recovery percentage based on the expected processing method, but only if the stockpiles are considered material. Stockpile tonnages are verified by periodic surveys.

In process and final inventories are carried at the lowest of average cost of normal production and net realisable value.

Net realisable value tests are performed, on a monthly basis and represent the expected sales price of the product based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale.

1.11 Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Decommissioning provision

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on an independent assessment of the future commercial closure costs in compliance with current technology, environmental and regulatory requirements.

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. A decommissioning asset is recognised as part of the underlying property, plant and equipment.

With regards to the provision, the estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the decommissioning provision due to the passage of time is recognised as a finance cost in profit or loss. Other changes in the carrying value of the provision subsequent to initial recognition are adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss. If the adjustment results in an addition to the decommissioning asset, consideration is given as to whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset is tested for impairment by estimating its recoverable amount in accordance with the respective accounting policies.

Decommissioning liabilities are discounted over the period of the various mining rights.

Provision for restoration costs

Provision is made for the estimated cost to be incurred on long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the restoration provision due to the passage of time is recognised as a finance cost in profit or loss. In assessing the future liability, no account is taken of the potential proceeds from the sale of assets and metals from the plant clean-up.

The future liability is reviewed regularly and adjusted as appropriate for new facts and changes in legislation. The cost of ongoing programmes to prevent and control pollution and rehabilitate the environment is recognised as an expense when incurred.

Restoration liabilities are discounted over the period of the mining right.

Expenditure on ongoing rehabilitation costs is recognised as an expense when incurred.

Environmental rehabilitation fund

The group may contribute to a dedicated trust fund, the Northam Platinum Restoration Trust Fund (the fund), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the group's profit or loss in the period to which it relates.

The group controls the trust and therefore consolidates it.

The assets of the fund are separately administered and the group's right of access to these funds is restricted.

1.12 Foreign currencies

The South African rand is the functional currency of all the operations, except for the US recycling operations which has a US dollar functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

US entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities included in the statement of financial position are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.13 Revenue recognition

Revenue from contracts with customers is recognised when control is transferred to the customer. Revenue is at the amount to which the entity expects to be entitled in exchange for those goods or services.

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.

Base metal sales

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 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.

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 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, 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.

Sundry income (including treatment charges in respect of concentrate purchased)

Sundry income is recognised when the right to receive payment has been established.

Investment revenue

Interest (including preference share dividends) is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividends are recognised when the right to receive payment is established.

1.14 Borrowing costs

Borrowing costs are charged to finance charges.

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets that require a substantial period of time to prepare for their intended use are capitalised. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its intended use are complete. Other borrowing costs are recognised as an expense when incurred.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the period.

1.15 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Accruals are made for accumulated leave and are measured at the amount that the group expects to pay when the leave is used.

Share incentive plan (including the Lock-in mechanism shares)

Awards granted to employees in terms of the rules of the Northam share incentive plan (the plan) are measured at fair value based on market prices at the date of grant (measurement date).

The shares awarded in terms of the rules of the plan comprise: retention shares, which vest after three years with no performance criteria, and performance shares, which also vest after three years. The final number of performance shares that the relevant employee will receive will be subject to certain performance criteria being met.

The group initially measures the cost of cash-settled transactions with employees using a market value model to determine the fair value of the liability incurred.

For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the financial statements. Refer to note 26.

Retirement benefits

Eligible employees are members of various defined contribution schemes. Employer contributions are recognised as an expense during the period in which the employees' services are rendered.

Medical benefits

Employer contributions in respect of current medical benefits are recognised as an expense during the period in which the employees' services are rendered.

Post-retirement medical costs

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post-retirement medical costs.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' services terminate.

Toro Employee Empowerment Trust

The Toro Employee Empowerment Trust (“the Trust”) was established for the benefit of eligible Zondereinde employees. Northam contributes 4% of its after tax profits to the Trust where after eligible employees will receive payment at the end of each five-year cycle. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post-employment benefit or a termination benefit, the Trust is accounted for as an “Other Long Term Employee Benefit” in terms of IAS 19. The benefits payable to employees are therefore measured using the Projected Unit Credit Method.

Independent actuarial valuations are conducted annually. Re-measurements, comprising actuarial gains and losses arising as a result of experience adjustments and/or the effects of changes in actuarial assumptions, the effect of changes to the asset ceiling and the return on plan assets (excluding interest) are recognised immediately in profit or loss when they occur. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. Net interest is determined by applying the discount rate at the beginning of the year to the net defined liability or asset.

Past-service cost is recognised immediately in profit or loss in the period to the extent that benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The asset or liability comprises the present value of the obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets (cash) that are held by the Trust and are not available to the creditors of the group.

1.16 Leases

Group as lessee

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

Group as lessor

Leases in respect of which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments for rental income received relating to mining properties are recognised as other income in profit or loss on a straight-line basis over the period of the lease.

1.17 Taxation

Current tax

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

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

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the 'initial recognition exception' applies; and in respect of 'outside' temporary differences relating to subsidiaries and associates.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except where the 'initial recognition exception' applies; and in respect of 'outside' temporary differences relating to subsidiaries and associates.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income as appropriate and not in profit or loss.

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

Dividends withholding tax

The group withholds dividends tax on behalf of its shareholders on dividends declared at the enacted withholding tax rate. Amounts withheld are not recognised as part of the group's tax charge but rather as part of the dividend paid recognised directly in equity.

Uncertain tax positions

Judgements are required in respect of the application of existing tax laws in each jurisdiction and the therefore the determination of the provision for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The various statutory entities within the group recognise liabilities for anticipated tax uncertainties based on the best estimate of whether additional taxes will be due.

Where the final tax outcome of any tax matters are different from the amounts that were initially reported, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

In addition, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

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 also been included as operating segments even though these operations currently do not fulfil the criteria to be separately disclosed as a segment. This is because the operating results are subject to regular review by the chief operating decision makers in assessing the performance of the entity.

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 assets held by the US subsidiaries amounting to R156.5 million (2018: R137.5 million).

Segmental statement of profit or loss and other comprehensive income 30 June 2019

	Zondereinde operating segment	Booysendal operating segment	Eland operating segment	US recycling operating segment	Intercompany eliminations	Zambezi Platinum (RF) Limited	Other	Total
	R000	R000	R000	R000	R000	R000	R000	R000
Sales revenue	10 280 223	3 902 544	10 683	56 880	(3 600 824)	–	–	10 649 506
Cost of sales	(8 969 437)	(2 916 863)	(23 612)	(78 823)	3 749 254	–	–	(8 239 481)
Operating costs	(5 069 318)	(2 507 955)	(23 612)	(6 276)	–	–	–	(7 607 161)
Mining operations	(3 687 698)	(1 747 235)	–	–	–	–	–	(5 434 933)
Concentrator operations	(389 967)	(490 846)	–	(6 276)	–	–	–	(887 089)
Smelting and base metal removal plant costs	(598 371)	–	–	–	–	–	–	(598 371)
Chrome processing	(5 437)	(23 407)	(22 936)	–	–	–	–	(51 780)
Selling and administration	(132 337)	(132 337)	–	–	–	–	–	(264 674)
Royalty charges	(72 742)	(18 756)	(53)	–	–	–	–	(91 551)
Share-based payment expenses and profit share scheme	(165 882)	(57 589)	(623)	–	–	–	–	(224 094)
Rehabilitation	(16 884)	(37 785)	–	–	–	–	–	(54 669)
Concentrates purchased	(3 747 389)	(96 616)	(3 803)	(80 588)	3 600 824	–	–	(327 572)
Refining and other costs	(135 104)	–	–	–	–	–	–	(135 104)
Depreciation and write-offs	(166 210)	(304 920)	–	(17 767)	1 732	–	–	(487 165)
Change in metal inventories	148 584	(7 372)	3 803	25 808	146 698	–	–	317 521
Operating profit	1 310 786	985 681	(12 929)	(21 943)	148 430	–	–	2 410 025
Share of earnings from associate	–	–	–	–	–	–	11 153	11 153
Investment income	168 951	6 453	197	–	(133 585)	32	14 212	56 260
Finance charges excluding preference share dividends	(425 613)	(91 409)	(53 007)	(3 542)	98 112	(1)	291 433	(184 027)
Net foreign exchange transaction gains/(losses)	11 098	(366)	–	(321)	–	–	–	10 411
Sundry income	64 919	11 302	7 666	223	(3 599 489)	3 569 090	23 761	77 472
Sundry expenditure	(134 802)	(79 567)	(138 737)	(10 145)	9 179	(4)	(3 637)	(357 713)
Profit/(loss) before preference share dividends	995 339	832 094	(196 810)	(35 728)	(3 477 353)	3 569 117	336 922	2 023 581
Amortisation of liquidity fees paid on preference shares	–	–	–	–	(16 390)	–	–	(16 390)
Preference share dividends	–	–	–	–	35 473	(1 340 717)	–	(1 305 244)
Profit/(loss) before tax	995 339	832 094	(196 810)	(35 728)	(3 458 270)	2 228 400	336 922	701 947
Taxation	(269 057)	(249 067)	(3)	(69)	605 659	(644 747)	(84 570)	(641 854)
Profit/(loss) for the year	726 282	583 027	(196 813)	(35 797)	(2 852 611)	1 583 653	252 352	60 093

Segmental statement of profit or loss and other comprehensive income 30 June 2018

	Zondereinde operating segment	Booysendal operating segment	Intercompany eliminations	Zambezi Platinum (RF) Limited and the BEE transaction	Other	Total
	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 and other costs	(123 840)	–	–	–	–	(123 840)
Depreciation and write-offs	(152 041)	(291 556)	1 732	–	–	(441 865)
Change in metal inventories	1 692 602	(68 058)	(59 200)	–	–	1 565 344
Operating profit/(loss)	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)
Taxation	(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)

Segmental statement of financial position as at 30 June 2019

	Zondereinde operating segment	Booysendal operating segment	Eland operating segment	US recycling operating segment	Intercom-pany eliminations	Zambezi Platinum (RF) Limited	Other	Total
	R000	R000			R000	R000	R000	R000
Assets								
Non-current assets	18 510 908	15 351 334	892 816	129 566	(23 565 543)	9 434 422	850 711	21 604 214
Property, plant and equipment	4 152 118	8 801 909	885 592	129 566	(62 840)	–	578 450	14 484 795
Mining properties and mineral resources	1 110 723	6 427 181	3 000	–	(954 583)	–	136 230	6 722 551
Investment held in escrow	–	–	–	–	16 841	–	–	16 841
Interest in associates	–	–	–	–	–	–	46 299	46 299
Investment in subsidiaries	12 353 207	–	–	–	(12 353 207)	–	–	–
Investments in Northam Platinum Limited	–	–	–	–	(9 434 422)	9 434 422	–	–
Other investments	306 734	–	–	–	(306 734)	–	–	–
Land and township development	16 600	46 336	–	–	–	–	8 478	71 414
Long-term receivables	13 851	4 407	116	–	–	–	67 162	85 536
Investments held by Northam Platinum Restoration Trust Fund	60 040	60 040	–	–	–	–	–	120 080
Environmental Guarantee Investment	27 037	10 898	4 108	–	–	–	–	42 043
Buttonshope Conservancy Trust	–	–	–	–	–	–	13 218	13 218
Long-term prepayments	–	563	–	–	–	–	–	563
Long- term subsidiary loans	470 598	–	–	–	(470 598)	–	–	–
Deferred tax asset	–	–	–	–	–	–	874	874
Current assets	5 512 210	318 246	47 054	26 891	(635 677)	493	71 232	5 340 449
Short-term subsidiary loan	639 739	–	–	–	(616 932)	–	(22 807)	–
Inventories	3 538 150	211 116	6 330	25 824	(18 745)	–	–	3 762 675
Trade and other receivables	480 679	103 969	31 463	545	–	6	5 276	621 938
Cash and cash equivalents	853 642	222	9 260	522	–	487	86 182	950 315
Tax receivable	–	2 939	1	–	–	–	2 581	5 521
Total assets	24 023 118	15 669 580	939 870	156 457	(24 201 220)	9 434 915	921 943	26 944 663
Equity and liabilities								
Total equity	9 911 991	12 058 339	(31 608)	105 132	(12 860 093)	(2 369 202)	642 241	7 456 800
Stated capital	13 778 114	8 675 932	325 000	142 118	(9 143 050)	–	–	13 778 114
Treasury shares	–	–	–	–	(6 556 123)	–	–	(6 556 123)
(Accumulated loss)/retained earnings	(5 048 080)	880 652	(356 608)	(47 976)	5 648 344	(2 369 202)	642 241	(650 629)
Foreign currency translation reserve	–	–	–	10 990	–	–	–	10 990
Other comprehensive income	8 201	–	–	–	(8 201)	–	–	–
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	12 506 089	2 318 721	354 194	–	(10 253 597)	11 804 107	141 299	16 870 813
Deferred tax liability	937 802	2 021 046	–	–	(2 325 419)	644 739	141 299	1 419 467
Long-term provisions	141 883	184 005	353 571	–	–	–	–	679 459
Preference share liability	–	–	–	–	(392 234)	11 159 368	–	10 767 134
Long-term loans	96 067	44 443	–	–	–	–	–	140 510
Long-term share-based payment liability	90 896	69 227	623	–	–	–	–	160 746
Financial guarantee liability	7 535 944	–	–	–	(7 535 944)	–	–	–
Domestic medium-term notes	1 566 304	–	–	–	–	–	–	1 566 304
Revolving credit facility	2 137 193	–	–	–	–	–	–	2 137 193
Current liabilities	1 605 038	1 292 520	617 284	51 325	(1 087 530)	10	138 403	2 617 050
Current portion of long-term loans	23 720	10 117	–	–	–	–	–	33 837
Current portion of domestic medium-term notes	248 580	–	–	–	–	–	–	248 580
Short-term share-based payment liability	52 720	34 094	–	–	–	–	–	86 814
Tax payable	24 865	–	–	–	–	10	35	24 910
Subsidiary loans	–	532 648	470 282	27 454	(1 087 530)	–	57 146	–
Trade and other payables	1 032 668	651 262	142 367	23 654	–	–	81 222	1 931 173
Provisional pricing derivatives	17 055	7 577	1 574	–	–	–	–	26 206
Short-term provisions	205 430	56 822	3 061	217	–	–	–	265 530
Total equity and liabilities	24 023 118	15 669 580	939 870	156 457	(24 201 220)	9 434 915	921 943	26 944 663

Segmental statement of financial position as at 30 June 2018

	Zondereinde operating segment	Booysendal operating segment	Intercompany eliminations	Zambezi Platinum (RF) Limited and the BEE transaction	Other	Total
	R000	R000	R000	R000	R000	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
Investment in escrow	–	–	–	–	–	–
Interest in associates	–	–	–	–	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 investments	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
Long-term loans	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
Preference share liability	–	–	(373 150)	9 818 650	–	9 445 500
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

3. Property, plant and equipment

Property, plant and equipment balances for the group are made up as follows:

Group	Shafts, mining development and infrastructure R000	Metallurgical and refining plants R000	Land and buildings R000	Other assets R000	Decommis-sioning asset R000	Assets under construction R000	Total 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
Transfer between asset classes	(20 803)	26 465	15 385	(21 047)	–	–	–
Amounts reclassified from non-current prepayments (note 13)	–	–	–	–	–	449 492	449 492
Additions	3 938	167 657	166 145	20 745	–	2 251 906	2 610 391
Contribution received for capital assets	–	–	–	–	–	(303 106)	(303 106)
Transfer from assets under construction	481 909	789 493	46 777	224 645	–	(1 542 824)	–
Disposals and write-offs	–	(47 682)	(453)	(114 823)	–	–	(162 958)
Present value of decommissioning asset capitalised (note 21)	–	–	–	–	295 362	–	295 362
Borrowing costs capitalised	–	–	–	–	–	223 402	223 402
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	–	2 144	9 083	–	–	–	11 227
Transfer to land and township development	–	–	(16 766)	–	–	–	(16 766)
Amounts transferred from non-current prepayments (note 13)	–	–	–	–	–	301 862	301 862
Additions	90 885	–	7 265	62 759	–	2 395 919	2 556 828
Transfer from assets under construction	3 548 651	500 392	14 626	119 284	–	(4 182 953)	–
Disposals and write-offs	(20 911)	(2 011)	(531)	(521)	–	–	(23 974)
Derecognition of decommissioning asset (note 21)	–	–	–	–	(101 058)	–	(101 058)
Borrowing costs capitalised	–	–	–	–	–	294 828	294 828
Closing cost as at 30 June 2019	11 136 702	4 027 630	759 434	577 987	367 330	1 236 123	18 105 206

Group	Shafts, mining development and infrastructure R000	Metallurgical and refining plants R000	Land and buildings R000	Other assets R000	Decommis-sioning asset R000	Assets under construction R000	Total 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	84 455	9 190	(9 898)	(83 747)	–	–	–
Depreciation	(270 548)	(93 982)	(15 141)	(29 351)	(4 794)	–	(413 816)
Disposals and write-offs	–	43 942	454	108 723	–	–	153 119
Accumulated depreciation balance as at 30 June 2018	(2 123 781)	(694 021)	(187 151)	(165 601)	(37 559)	–	(3 208 113)
Foreign currency translation movements	–	376	103	–	–	–	479
Depreciation	(282 163)	(103 057)	(27 868)	(28 472)	(2 513)	–	(444 073)
Disposals and write-offs	3 680	–	498	332	–	–	4 510
Derecognition of decommissioning asset (note 21)	–	–	–	–	26 786	–	26 786
Accumulated depreciation balance as at 30 June 2019	(2 402 264)	(796 702)	(214 418)	(193 741)	(13 286)	–	(3 620 411)
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 30 June 2019	8 734 438	3 230 928	545 016	384 246	354 044	1 236 123	14 484 795

Property, plant and equipment balances for the company are made up as follows:

Company	Shafts, mining development and infrastructure R000	Metallurgical and refining plants R000	Land and buildings R000	Other assets R000	Decommis-sioning asset R000	Assets under construction R000	Total R000
Cost opening balance as at 1 July 2017	3 115 435	797 312	396 461	186 080	64 688	931 108	5 491 084
Transfer between asset classes	(20 803)	26 465	15 385	(21 047)	–	–	–
Additions	–	–	5 227	33 179	–	776 965	815 371
Contribution received for capital assets	–	–	–	–	–	(303 106)	(303 106)
Transfer from assets under construction	255 297	772 393	19 518	193 785	–	(1 240 993)	–
Disposals and write-offs	–	(44 505)	(453)	(126 656)	–	–	(171 614)
Present value of decommissioning asset capitalised (note 21)	–	–	–	–	(21 991)	–	(21 991)
Borrowing costs capitalised	–	–	–	–	–	11 813	11 813
Closing cost as at 30 June 2018	3 349 929	1 551 665	436 138	265 341	42 697	175 787	5 821 557
Additions	90 885	–	2 472	62 759	–	517 510	673 626
Transfer from assets under construction	363 808	215 871	14 626	80 108	–	(674 413)	–
Disposals and write-offs	(20 911)	–	(531)	(520)	–	–	(21 962)
Derecognition of decommissioning asset (note 21)	–	–	–	–	(42 697)	–	(42 697)
Closing cost as at 30 June 2019	3 783 711	1 767 536	452 705	407 688	–	18 884	6 430 524

Company	Shafts, mining development and infrastructure R000	Metallurgical and refining plants R000	Land and buildings R000	Other assets R000	Decommis-sioning asset R000	Assets under construction R000	Total R000
Accumulated depreciation opening balance as at 1 July 2017	(1 421 387)	(432 728)	(160 087)	(128 809)	(24 821)	–	(2 167 832)
Transfer between asset classes	84 456	9 190	(9 898)	(83 748)	–	–	–
Depreciation	(73 626)	(45 919)	(10 562)	(16 302)	(1 491)	–	(147 900)
Disposals and write-offs	–	43 939	453	108 121	–	–	152 513
Accumulated depreciation balance as at 30 June 2018	(1 410 557)	(425 518)	(180 094)	(120 738)	(26 312)	–	(2 163 219)
Depreciation	(67 608)	(48 916)	(11 227)	(18 069)	(474)	–	(146 294)
Disposals and write-offs	3 681	–	308	332	–	–	4 321
Derecognition of decommissioning asset (note 21)	–	–	–	–	26 786	–	26 786
Accumulated depreciation balance as at 30 June 2019	(1 474 484)	(474 434)	(191 013)	(138 475)	–	–	(2 278 406)
Net book value as at 30 June 2018	1 939 372	1 126 147	256 044	144 603	16 385	175 787	3 658 338
Net book value as at 30 June 2019	2 309 227	1 293 102	261 692	269 213	–	18 884	4 152 118

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 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 construction of the new 20MW furnace at Zondereinde and the development of Booysendal South.

With the commissioning of the new 20MW furnace in December 2017 at Zondereinde 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 12.84% (2018: 13.30%)

An amount of R294.8 million was capitalised during the year under review (2018: R223.4 million). Refer note 35.

4. Mining properties and mineral resources

Group	Current production mineral reserves and resources R000	Project mineral reserves and resources R000	Total 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
Transfer between classes	(990)	990	–
Additions	1 018 857	2 010	1 020 867
Restated closing balance as at 30 June 2018	2 025 809	5 028 056	7 053 865
Additions	355	–	355
Closing balance as at 30 June 2019	2 026 164	5 028 056	7 054 220
Accumulated depreciation			
Opening balance as at 1 July 2017	(260 426)	–	(260 426)
Depreciation	(28 049)	–	(28 049)
Closing balance as at 30 June 2018	(288 475)	–	(288 475)
Depreciation	(43 194)	–	(43 194)
Closing balance as at 30 June 2019	(331 669)	–	(331 669)
Restated net book value as at 30 June 2018	1 737 334	5 028 056	6 765 390
Net book value as at 30 June 2019	1 694 495	5 028 056	6 722 551

Company	Current production mineral reserves and resources R000	Project mineral reserves and resources R000	Total R000
Cost			
Opening balance as at 30 June 2017	270 611	–	270 611
Additions	1 017 867	–	1 017 867
Closing balance as at 30 June 2018	1 288 478	–	1 288 478
Additions	355	–	355
Closing balance as at 30 June 2019	1 288 833	–	1 288 833
Accumulated depreciation			
Opening balance as at 1 July 2017	(154 053)	–	(154 053)
Depreciation	(4 141)	–	(4 141)
Closing balance as at 30 June 2018	(158 194)	–	(158 194)
Depreciation	(19 916)	–	(19 916)
Closing balance as at 30 June 2019	(178 110)	–	(178 110)
Net book value as at 30 June 2018	1 130 284	–	1 130 284
Net book value as at 30 June 2019	1 110 723	–	1 110 723

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, now Sibanye-Stillwater Limited (Lonmin). 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 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 1 July 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

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.

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, over the life of mine.

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 and 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.

		Group		Company	
		2019	**2018**	**2019**	**2018**
Long-term real platinum price	USD/oz	1 357	1 298	1 357	1 298
Long-term real palladium price	USD/oz	1 357	1 298	1 357	1 298
Long-term real rhodium price	USD/oz	3 846	2 678	3 846	2 678
Long-term real gold price	USD/oz	1 176	1 205	1 176	1 205
Long-term ruthenium prices	USD/oz	271	292	271	292
Long-term iridium prices	USD/oz	1 357	893	1 357	893
Long-term real nickel prices	USD/t	11 181	12 912	11 181	12 912
Long-term real copper prices	USD/t	5 881	6 248	5 881	6 248
Long-term real chrome prices	USD/t	181	179	181	179
Long-term real exchange rate USD	USD/ZAR	R12.47	R12.35	R12.47	R12.35
Long-term real discount rate	%	11.50	12.30	11.50	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):

		Group		Company	
		2019	**2018**	**2019**	**2018**
4E *in situ* available ounces value	USD/oz	3.30	2.00	3.30	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 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 ore reserves and mineral resource estimates:

- 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.

5. Interest in associates

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.

	Group			Company	
	2019	Restated* 2018	Restated* 1 July 2017	2019	2018
	R000	R000	R000	R000	R000
SSG Holdings Proprietary Limited	46 299	35 146	30 984	–	–
	46 299	35 146	30 984	–	–

** Restated as a result of the prior period error (refer note 4)*

Below is a reconciliation of the group's interest in associates as at 30 June 2019:

	Interest in Dwaalkop joint venture	Interest in 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 earnings from associate	–	4 162	4 162
Closing balance as at 30 June 2018	–	35 146	35 146
Share of earnings from associate	–	11 153	11 153
Closing balance as at 30 June 2019	–	46 299	46 299

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. 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:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Opening balance	–	49 222	–	49 222
Transfer from interest in associates and joint ventures	–	–	–	–
Cash calls	–	1 347	–	1 347
IFRS 5 adjustment to fair value less costs to sell	–	–	–	–
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, in terms of the sales agreement. All other cash calls had to be written off.

Below is a summary of the statement of profit or loss and other comprehensive income of the associate, as detailed in their respective accounting records and therefore disclosed at 100%.

Statement of profit or loss and other comprehensive income of SSG Holdings Proprietary Limited

	SSG Holdings Proprietary Limited 2019 R000	SSG Holdings Proprietary Limited 2018 R000
Revenue	771 217	584 953
Cost of sales	(30 389)	(51 666)
Gross profit	740 828	533 287
Other income	3 079	964
Operating expense	(686 798)	(514 939)
Investment revenue	78	85
Finance costs	(8 013)	(2 443)
Profit before taxation	49 174	16 954
Taxation	(11 998)	(3 081)
Total comprehensive income for the year	37 176	13 873

Below is a summary of the statement of financial position of the associate:

Statement of financial position of SSG Holdings Proprietary Limited

	SSG Holdings Proprietary Limited 2019 R000	SSG Holdings Proprietary Limited 2018 R000
Non-current assets	92 807	78 948
Property, plant and equipment	81 132	71 479
Goodwill	3 500	4 000
Loans to shareholders	2 993	–
Deferred tax asset	5 182	3 469
Current assets	168 917	117 711
Inventory	4 705	2 765
Trade and other receivables	161 019	99 367
Current tax receivable	1 429	2 647
Cash and cash equivalents	1 764	12 932
Total assets	261 724	196 659
Equity	81 939	46 265
Non-current liabilities	42 206	49 324
Finance lease liabilities	42 206	49 324
Current liabilities	137 579	101 070
Trade and other payables	72 176	52 732
Finance lease liabilities	23 384	1 241
Current tax payable	–	116
Provisions	–	9 577
Bank overdraft	42 019	37 404
Total equity and liabilities	261 724	196 659

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

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Net asset value of SSG Holdings Proprietary Limited	81 939	46 265	–	–
Northam Platinum Limited's 30% share of net asset value	24 582	13 880	–	–
Impact of the adoption of IFRS 9	451	–	–	–
At acquisition fair value adjustment	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	–	–
Value of investment in associate based on the equity method of accounting	46 299	35 146	–	–

All investments in associates are considered significant.

6. Investment in subsidiaries

Below is a list of the various subsidiaries included in the Northam Platinum Limited group of companies:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Booysendal Platinum Proprietary Limited	–	–	11 886 088	11 886 088
Eland Platinum Proprietary Limited	–	–	325 000	325 000
Northam Platinum Investments (US) Incorporated	–	–	142 119	140 747
Mining Technical Services Proprietary Limited	–	–	*	*
Mvelaphanda Resources Proprietary Limited	–	–	–	–
Norplats Properties Proprietary Limited	–	–	*	*
Zambezi Platinum (RF) Limited	–	–	*	*
	–	–	12 353 207	12 351 835

** Represents an investment of less than R1 000*

All companies, except for the investment in Zambezi Platinum (RF) Limited, are wholly owned.

All companies, except for the investment in Northam Platinum Investment (US) Incorporated, is incorporated in South Africa. Northam Platinum Investments (US) Incorporated is incorporated in Delaware in the United States of America.

The following investments are held by Northam Platinum Limited:

284 (2018: 284) ordinary shares are held in Booysendal Platinum Proprietary Limited representing a 100% equity interest.

6 150 (2018: 6 150) ordinary shares are held in Eland Platinum Proprietary Limited representing a 100% equity interest to the value of R325.0 million (2018: R325.0 million).

Northam Platinum Limited holds 10 (2018: 10) shares in Northam Platinum Investments (US) Incorporated with a value of USD1.00 per share.

120 (2018: 120) ordinary shares are held in Mining Technical Services Proprietary Limited representing a 100% equity interest and was acquired for R120, and therefore less than R1 000.

Northam Platinum Limited holds 217 881 101 (2018: 217 881 101) ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited. The investment was fully impaired during previous financial years and is valued at R Nil.

100 (2018: 100) ordinary shares are held in Norplats Properties Proprietary Limited and was acquired for R100, and therefore less than R1 000.

Investment in Zambezi Platinum (RF) Limited

Northam Platinum Limited holds a single N share in Zambezi Platinum (RF) Limited as a protective right. Zambezi Platinum (RF) Limited was created and designed for the sole purpose of providing Northam Platinum Limited with BEE credentials and as a structure to hold the listed BEE preference shares. If Northam does not comply with the HDSA requirements in the Mining Charter they will not be able to retain their mining rights. Northam is able to direct the strategic direction of Zambezi and as per the subscription and relationship agreement between the two companies, Zambezi's MOI may not be amended or replaced without Northam's prior written consent.

Northam assumes full responsibility for the administration of Zambezi as well as any costs incurred by Zambezi up to a certain limit. Furthermore, Northam provides a guarantee for Zambezi's obligation in respect of the preference shares. All these points indicate that Northam has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created.

In terms of the transaction, an 'N' share was issued to Northam, which gave them the right to implement mitigating action should Zambezi 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 can also not dispose of the Northam ordinary shares without the prior consent of Northam. Northam has significant exposure to the variable returns of Zambezi, 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. The decision-making power of Zambezi's board of directors is restricted to maintaining Northam's BEE credentials and funding arrangements.

Therefore even though Northam does not have the majority of the voting rights in Zambezi, Northam still effectively controls the entity.

Details of the subsidiaries are included in the related party note 45, which forms part of these notes.

7. Other investments

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Investment in Zambezi Platinum (RF) Limited preference shares at fair value	–	–	249 618	230 505
Preference shares acquired during the year at cost	–	–	–	1 677
Accrued dividends from Zambezi Platinum (RF) Limited (note 34)	–	–	35 473	31 139
Mark to market fair value adjustment	–	–	10 568	(2 628)
Impairment (refer note 37)	–	–	–	(11 075)
Reversal of the prior year impairment (refer note 36)	–	–	11 075	–
	–	–	306 734	249 618

Northam Platinum Limited owns 4 230 819 (2018: 4 230 819) Zambezi Platinum (RF) Limited preference shares which were purchased in the open market. These shares are classified as fair value through other comprehensive income and revalued to the closing market value with movements accounted for in other comprehensive income or profit or loss (if it relates to an impairment). Accrued dividends are accounted for in profit or loss.

The fair value has been determined with reference to the closing trading price of the Zambezi Platinum (RF) Limited preference share price (JSE preference share code: ZPLP) as at the year end.

Below is the closing market value of the preference shares as at 30 June as well as the number of shares held:

	Group		Company	
	2019	2018	2019	2018
	R	R	R	R
Number of shares held	–	–	4 230 819	4 230 819
Average purchase price of Zambezi Platinum (RF) Limited preference shares	–	–	57.94	57.94
Closing market value of Zambezi Platinum (RF) Limited preference shares trading as preference share code: ZPLP	–	–	72.50	59.00

Subsequent to year-end, Northam Platinum Limited acquired 1 477 639 preference shares at the fair value of the preference shares on transaction date.

The amounts recognised in other comprehensive income has been made up as follows:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Fair value adjustment/(impairment) accounted through other comprehensive income	–	–	10 568	(2 628)
Deferred tax calculated at the capital gains tax rate	–	–	(2 367)	589
Amounts recognised in other comprehensive income	–	–	8 201	(2 039)

The prior year fair value adjustment relates to a reclassification to profit or loss due to an impairment.

8. Land and township development

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance at the beginning of the year	65 680	48 529	45 444	22 749
Acquisitions				
Costs incurred with regards to Norplats Properties Proprietary Limited	2 296	–	–	–
Disposals				
Portion 22 of the farm Leeukopje, Northam extension 10	(28 721)	(462)	(28 721)	(462)
Phelobontle, Mogwase units	(3 335)	(2 900)	(3 335)	(2 900)
Norplats Properties Proprietary Limited units	(1 969)	(5 371)	–	–
Development				
Construction of 69 units on portion 22 of the farm Leeukopje, Northam extension 10	1 503	26 020	1 503	26 020
Town planning portion 4 & 9 of the farm Koedoesdoorns	1 709	22	1 709	22
Refurbishments of Phelobontle Mogwase	–	15	–	15
Refurbishments of Norplats Properties Proprietary Limited's units	–	342	–	–
Write off of damaged units relating to Norplats Properties Proprietary Limited	–	(515)	–	–
Construction at extension 78 & 79 Lydenburg	34 251	–	–	–
Balance at the end of the year	71 414	65 680	16 600	45 444

These properties have been acquired in order to assist the group's employees to acquire affordable housing.

9. Long-term receivables

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Long-term receivables with regards to suspensive sale agreements	70 585	82 887	–	–
Interest free home loans	25 998	13 514	19 083	9 443
Total long-term receivables	96 583	96 401	19 083	9 443
Current portion of suspensive sale agreements included in trade and other receivables (refer note 16)	(3 423)	(8 022)	–	–
Current portion of interest free home loans (refer note 16)	(7 624)	(1 482)	(5 232)	(992)
Long-term portion of long-term receivables	85 536	86 897	13 851	8 451

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 South African 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 provided to qualifying employees are based on only a portion of the value of the property acquired by the employee. 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 30 June 2019 there was R3.3 million (2018: R1.7 million) worth of instalment 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:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Current portion	11 047	9 504	5 232	992
Due within 1 – 5 years	37 388	35 251	3 288	3 512
Due within 5 – 10 years	39 613	46 072	3 905	2 209
More than 10 years	8 535	5 574	6 658	2 730
	96 583	96 401	19 083	9 443

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. 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:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Neither past due nor impaired	70 585	82 587	–	–
30 to 60 days	–	13	–	–
60 to 90 days	–	25	–	–
More than 90 days	–	252	–	–
	70 585	82 887	–	–

IFRS 9 Financial Instruments – 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.

Suspensive sale agreements

- All overdue amounts as at the end of the current period were provided for in full. These were included in stage 2 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, stage 3, 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.

Interest free home loans

- No amounts relating to the interest free home loans have been provided for as they are neither past due nor impaired and with no historical impairment on these loans. There has been no significant deterioration in credit quality and the probability of default has been assessed as minimal.

10. Investments held by Northam Platinum Restoration Trust Fund

The group contributed to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration cost at the end of the various operations' lives.

The balance of the fund comprises:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance at the beginning of the year	110 626	102 233	55 333	48 274
Income earned during the year (note 34)	9 454	8 393	4 707	7 059
Balance at the end of the year	120 080	110 626	60 040	55 333

This investment, which mainly consist of cash, is separately administered and the group's right of access to these funds is restricted. The investment is managed by Stanlib Collective Investments (RF) Limited, and is made up of a fixed number of units which trades at specific values as noted below.

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Stanlib Balanced Fund R	1 874	1 766	937	883
Stanlib Income Fund B2	76 982	67 596	38 491	33 798
Stanlib Institutional Money Market Fund B3	41 224	41 224	20 612	20 612
Cash and cash equivalents	–	40	–	40
Balance at the end of the year	120 080	110 626	60 040	55 333

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the group in making financial provision for the environmental rehabilitation of the mine, in terms of the Minerals and Petroleum Resources Development Act No 28 of 2002, upon cessation of its mining operations.

Contributions relating to rehabilitation will no longer be limited to contributions to the Northam Platinum Restoration Trust Fund. The group may make use of any approved financial vehicles in terms of regulations and legislation, also see note 11.

For details with regards to the rehabilitation and decommissioning liability provision, refer to note 21.

Below is the accrued interest relating to the investment held by Northam Platinum Restoration Trust Fund which was included in Trade and other receivables (refer to note 16).

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Accrued interest relating to the Northam Platinum Restoration Trust Fund	1 877	1 666	958	833
	1 877	1 666	958	833

11. Environmental Guarantee Investment

The investment held with regards to the environmental guarantee investment was issued in terms of guarantees relating to the group's environmental liability. The investment as noted below has been provided as security for guarantees issued.

The balance of the fund comprises:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance at the beginning of the year	68 899	68 104	55 633	54 507
Cancellation of previous policy	(66 424)	–	(56 986)	
Contributions made during the year	38 149	6 142	27 681	937
Income earned during the year (net of fees) (refer note 36)	1 419	189	709	189
Guarantee fees (refer note 37)	–	(5 536)	–	–
Balance at the end of the year	42 043	68 899	27 037	55 633

The assets, which mainly consist of cash, are separately administered and the group's right of access to these funds is restricted.

This investment is managed by Guardrisk Insurance Company Limited and Centriq Insurance Company Limited.

Below is a summary of the various guarantees issued:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Northam Platinum Limited (Zondereinde)				
GR/G/20396/0312/0031	31 000	31 000	31 000	31 000
GR/G/20396/0314/165	18 000	18 000	18 000	18 000
GR/G/20396/0315/0231	18 000	18 000	18 000	18 000
GR/G/20396/0617/0454	35 000	35 000	35 000	35 000
CQ/G/30381/1217/003	28 807	28 807	28 807	28 807
GR/G/20396/0618/0544	11 543	11 543	11 543	11 543
Total guarantees relating to Northam Platinum Limited (Zondereinde)	142 350	142 350	142 350	142 350
Booysendal Platinum Proprietary Limited				
GR/G/20396/0311/0011	65 900	65 900	–	–
GR/G/20396/0315/0232	25 000	25 000	–	–
GR/G/20396/0417/0434	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	–	–
Total guarantees relating to Booysendal Platinum Proprietary Limited	98 427	98 427	–	–
Eland Platinum Proprietary Limited			–	–
CQ/G/3038/01181/004	129 545	129 545	–	–
CQ/G/30381/0118/005	31 096	31 096	–	–
Total guarantees relating to Eland Platinum Proprietary Limited	160 641	160 641	–	–
Total guarantees in issue	401 418	401 418	142 350	142 350

12. Buttonshope Conservancy Trust

The balance of the fund comprises:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance at the beginning of the year	12 203	11 126	–	–
Contributions received from Booysendal Platinum Proprietary Limited	475	450	–	–
Donation received from Booysendal Platinum Proprietary Limited in terms of offset properties acquired – currently held in escrow	16 698	–	–	–
Interest received during the year (with a portion included in amounts held in escrow)	778	759	–	–
Fair value adjustments	(3)	63	–	–
Funds utilised to acquire a property	(16 841)	–	–	–
Less expenditure paid during the year	(92)	(195)	–	–
Balance at the end of the year	13 218	12 203	–	–

The trust was established as a conservancy trust by Northam Platinum Limited, with the principal objective of engaging in the conservation, rehabilitation and/or protection of the natural environment, including flora, fauna and the biosphere as well as promoting the establishment of, and education and training programmes relating to, environmental awareness, greening, clean-up and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province. The aforementioned property is owned by Booysendal Platinum Proprietary Limited, a subsidiary of Northam Platinum Limited. An initial contribution of R10.0 million was made by Booysendal Platinum Proprietary Limited in terms of the trust agreement.

Funds of R4.9 million (2018: R4.0 million) are invested with Standard Bank Limited in a call account and R8.3 million (2018: R8.2 million) is held in an extra income fund with Stanlib Collective Investments (RF) Limited.

This investment is managed by Stanlib Collective Investments (RF) Limited, and is made up of a fixed number of units which trades at specific values. The assets of the trust which mainly consist of cash, are separately administered and the group’s right of access to these funds is restricted.

On an annual basis, Booysendal Platinum Proprietary Limited will donate a fixed amount of R400 000 per annum from F2016 regardless of the operational performance with a fixed increase of R25 000 per annum. During the current financial year an amount of R475 000 was donated (2018: R450 000).

In addition to the above Booysendal Platinum Proprietary Limited donated Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province to the Buttonshope Conservancy Trust during the year under review. An amount of R16.7 million was also donated to purchase Portion 3 of Sterkfontein 52 JT, remaining extent and portion 2 of the De Berg 71 JT and Triangle 72 JT for biodiversity offset purposes.

Below is a reconciliation of the amount held in escrow:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Donation received from Booysendal Platinum Proprietary Limited in terms of offset properties acquired during the course of the year	16 698	–	–	–
Cost associated with the transfer of the acquired property	143	–	–	–
	16 841	–	–	–

All land management costs are carried by Booysendal Platinum Proprietary Limited.

The Buttonshope Conservancy Trust also owns Portion 1 of Sheeprun 50, property measuring 256.9596 hectares held under Title deed T4813/2017.

13. 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.

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Opening balance	89 608	336 409	–	–
Amounts paid to Doppelmayr Transport Technology GmbH	212 817	202 691	–	–
Amounts transferred to property, plant and equipment (refer note 3)	(301 862)	(449 492)	–	–
	563	89 608	–	–

14. Subsidiary loans

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Long-term subsidiary loans				
Eland Platinum Proprietary Limited	–	–	470 598	–
Total long-term subsidiary loans	–	–	470 598	–
Short-term subsidiary loans				
Booysendal Platinum Proprietary Limited	–	–	546 469	–
Norplats Properties Proprietary Limited	–	–	57 148	66 596
Mining Technical Services Proprietary Limited	–	–	8 669	22 909
Northam Platinum Investments (US) Incorporated	–	–	370	1 667
Northam Recovery Services LLC	–	–	22 565	6 780
Northam Property Company LLC	–	–	4 518	1 273
Total short-term subsidiary loans	–	–	639 739	99 225
Total subsidiary loans	–	–	1 110 337	99 225

Northam Platinum Limited reserves the right to charge interest at prevailing market rates on any loan balance.

Any outstanding loan will be repayable on demand.

All amounts advanced to Eland Platinum Proprietary Limited is classified as long-term, as the Eland mine is currently being developed and will not generate sufficient free cash flow to repay the subsidiary loan in the foreseeable future.

Management considers these amounts to be fully recoverable and no amounts have been provided for.

Details of the subsidiaries are set out in the related party note (note 45), which forms part of these notes.

15. Inventories

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Metals on hand and in transit				
Platinum	1 211 775	1 611 709	1 196 858	1 672 670
Palladium	1 273 034	851 336	1 246 674	882 958
Rhodium	978 049	674 197	968 005	696 200
Gold	52 977	61 056	52 651	63 776
Total metal inventories	3 515 835	3 198 298	3 464 188	3 315 604
Consumable stores at cost	246 840	188 497	73 962	66 140
Total inventories at the lower of cost and net realisable value	3 762 675	3 386 795	3 538 150	3 381 744

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Breakdown of total metal inventories				
Ore stockpile inventory	465 811	348 930	450 017	325 627
Concentrate in process	75 361	295 487	65 332	280 822
Concentrate before the smelter	588 300	919 639	588 300	975 552
Recycling material	82 704	–	56 880	–
Smelter inventory (including reverts)	1 283 744	1 021 334	1 283 744	1 083 430
Base metal removal plant inventory	362 921	112 669	362 921	119 519
Inventory at the precious metal refinery	656 994	496 287	656 994	526 461
Finished product inventory on hand	–	3 952	–	4 193
Total metal inventories	3 515 835	3 198 298	3 464 188	3 315 604

	oz	oz	oz	oz
Metals on hand and in transit				
Platinum	120 343	152 590	116 716	148 974
Palladium	70 880	74 768	68 345	73 076
Rhodium	26 582	29 171	25 988	28 664
Gold	3 157	4 033	3 099	3 923
	220 962	260 562	214 148	254 637

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

	oz	oz	oz	oz
Metal inventory quantities in the various pipeline phases				
Ore stockpile inventory	29 640	28 427	27 818	25 008
Concentrate in process	4 795	24 073	1 292	21 567
Concentrate before the smelter	35 335	74 922	35 335	74 922
Recycling material	4 605	–	3 116	–
Smelter inventory (including reverts)	81 688	83 207	81 688	83 207
Base metal removal plant inventory	23 093	9 179	23 093	9 179
Inventory at the precious metal refinery	41 806	40 432	41 806	40 432
Finished product inventory on hand	–	322	–	322
	220 962	260 562	214 148	254 637

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 cost of sales are metals inventory to the value of R51.4 million (2018: R156.5 million) that were written down to net realisable value. Inventory to the value of R815.8 million (2018: R535.8 million) is disclosed at net realisable value.

Inventory in the pipeline is considered to be approximately 150 000 4E oz going forward. All inventory over and above pipeline material is considered excess inventory.

No inventories are encumbered.

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: The theoretical inventory at that point in time which 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:

		Group		Company	
		2019	**2018**	**2019**	**2018**
Platinum price	USD/oz	808	865	808	865
Palladium price	USD/oz	1 510	959	1 510	959
Rhodium price	USD/oz	3 286	2 250	3 286	2 250
Gold price	USD/oz	1 386	1 265	1 386	1 265
Exchange rate	USD/ZAR	14.08	13.73	14.08	13.73

16. Trade and other receivables

	Group			Company		
	2019	Restated* 2018	Restated* opening balance 1 July 2017	2019	Restated* 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000	R000	R000
Trade receivables	53 253	321 334	184 063	42 392	288 070	168 477
Provisional pricing receivables	374 238	217 799	99 083	281 030	153 436	62 718
Accrued dividends and interest on cash and cash equivalents	6 444	3 564	11 989	3 884	2 386	9 712
Prepayments	3 285	47 022	44 797	330	43 929	40 067
Deposits	4 555	4 233	2 889	605	300	164
South African Revenue Service – Value Added Tax	139 247	234 270	143 775	131 649	182 342	117 740
South African Revenue Service – mineral royalties	8	1 174	17 258	–	1 441	17 226
Current portion of suspensive sale agreements (refer note 9)	3 423	8 022	7 334	–	–	–
Current portion of interest-free home loans (refer note 9)	7 624	1 482	6 367	5 232	992	4 764
Receivable from Booysendal Platinum Proprietary Limited	–	–	–	–	213 478	–
Receivable from Eland Platinum Proprietary Limited	–	–	–	–	33 450	13 616
Receivable from Northam Zondereinde Community Trust	–	–	–	–	–	2 351
Receivable from Northam Booysendal Community Trust	–	–	–	–	–	2 351
Receivable from Northam Employee Trust	–	–	–	–	–	2 352
Other	29 861	85 185	31 442	15 557	73 579	46 418
	621 938	924 085	548 997	480 679	993 403	487 956

** 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 financial year (2018: R Nil).

The exposure to foreign currency denominated balances included in trade receivables as at 30 June was as follows:

	Group		Company	
	2019	2018	2019	2018
	USD000	USD000	USD000	USD000
US dollars	2 728	17 220	2 724	17 220

The table below summarises the maturity profile of the company and group's trade and other receivables:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Current portion	344 833	630 904	281 476	782 141
30 to 60 days	211 712	210 116	147 649	155 137
60 to 90 days	11 931	53 726	11 554	53 672
More than 90 days**	53 462	29 339	40 000	2 453
	621 938	924 085	480 679	993 403

*** Management considers these amounts to be fully recoverable*

Trade receivables and advances by country are as follows:

South Africa	583 529	687 688	442 329	757 006
United Kingdom	–	67 062	–	67 062
Germany	30 745	68 300	30 745	68 300
France	–	2 562	–	2 562
Japan	4 346	10 981	4 346	10 981
United States of America	3 318	87 492	3 259	87 492
	621 938	924 085	480 679	993 403

Prepayments relates to amounts prepaid on insurance as well as machinery and equipment. Refer to note 44 for fair value and financial risk disclosure.

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 28 and 29).

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

Trade and other receivables and Expected Credit Losses (ECL)

The group applies the simplified approach in calculating ECLs and therefore recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The group considered historical loss experiences, adjusted for forward looking factors, that could indicate impairments taking into account the specific debtor and economic environment.

Platinum Group Metal debtors have payment terms of between 2 to 5 days with no historical defaults on these debtors and all outstanding balances as at year end has subsequently been received.

Base metal and chrome debtor balances are held with only a limited number of selected premium customers and are generally on 30 to 60-day terms with no historical defaults.

Trade receivables 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 customers that these balances are held with.

The assessment of the correlation between historical observed recovery rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

17. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Cash at bank and on hand	328 116	9 310	327 128	1 981
Restricted cash	99 740	97 708	23 000	23 000
Short-term deposits	522 459	281 684	503 514	255 935
Cash and cash equivalent	950 315	388 702	853 642	280 916
Less bank overdraft	–	(95 535)	–	(95 228)
Cash and cash equivalents as per the statement of cash flows	950 315	293 167	853 642	185 688

The exposure to foreign currency denominated balances as at 30 June were as follows:

	Group		Company	
	2019	2018	2019	2018
	USD000	USD000	USD000	USD000
US dollars	22 387	40	22 350	10

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 on short-term deposits was 7.4% (2018: 6.9%) and these deposits are all immediately available.

At 30 June 2019 the group had R1.9 billion (2018: R1.5 billion) of undrawn committed borrowing facilities.

Restricted cash includes a guarantee of R23.0 million (2018: 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.

During the year under review the group secured a new General Banking Facility (GBF), e.g. overdraft facility, of R510.0 million, of which R10.0 million relates to an existing foreign exchange facility being consolidated into the new R500.0 million GBF agreement. The GBF accrues interest at the South African prime interest rate less 1.5%, and is payable with a 90 day notice period.

Subsequent to year-end the full R500.0 million GBF was drawn down on.

Commitment fees are payable on the GBF amounting to 0.60% per annum on the unutilised portion of the facility.

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.

Also refer to note 44 for fair value and financial risk disclosure.

Subsequent to year end the GBF's terms and conditions were renegotiated and the GBF will going forward accrue interest at the South African prime interest rate less 1.75% and the commitment fees going forward will amount to 0.55% per annum on the unutilised portion of the facility.

18. Stated capital

	Group		Company	
	2019	2018	2019	2018
	Number of shares	Number of shares	Number of share	Number of shares
Authorised stated capital				
2 000 000 000 stated capital at no par value				
Issued stated capital				
Issued stated capital	509 781 212	509 781 212	509 781 212	509 781 212
Treasury shares	(159 905 453)	(159 905 453)	–	–
	349 875 759	349 875 759	509 781 212	509 781 212

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Issued stated capital	13 778 114	13 778 114	13 778 114	13 778 114
Treasury shares	(6 556 123)	(6 556 123)	–	–
	7 221 991	7 221 991	13 778 114	13 778 114

Details of Northam Platinum Limited’s stated capital and shares held by the directors are contained in the directors’ report.

Treasury shares relates to the shares owned by Zambezi Platinum (RF) Limited, who holds 159 905 453 (2018: 159 905 453) shares in total representing a 31.4% (2018: 31.4%) investment in Northam Platinum Limited.

19. Equity-settled share-based payment reserve

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Equity-settled share-based payment reserve	874 448	874 448	1 173 756	1 173 756
	874 448	874 448	1 173 756	1 173 756

The Northam Platinum Limited Black Economic Empowerment (BEE) transaction via Zambezi Platinum (RF) Limited constitutes a share-based payment as defined which is classified as an equity-settled share-based payment to be delivered after the 10-year lock-in period. IFRS 2 requires equity-settled transactions to be accounted for at the fair value at grant date, defined as the date at which the entity and other party agree to a share-based payment arrangement, being the date when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.

There are no vesting conditions attached to the BEE equity that are held by the BEE participants. This resulted in the full share-based payment in respect of the BEE transaction being incurred on day one of the BEE transaction.

There were no new equity-settled share-based payment transactions during the current or previous financial year and therefore no changes to the above reserve.

20. Deferred tax asset and liability

The principal components of the deferred tax asset and liability are as follows:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	156 540	85 950	129 946	74 022
Decommissioning and environmental restoration provisions	91 248	83 814	39 727	36 902
Share-based payment liability	69 143	44 055	40 213	25 161
Metal inventory	–	30 165	–	–
Deferred income	28 528	36 736	13 251	18 107
Calculated capital and tax losses	874	349	–	2 480
	346 333	281 069	223 137	156 672
Deferred tax liabilities				
Property, plant and equipment	(1 713 782)	(1 069 400)	(1 124 337)	(825 898)
Metal inventory	(13 513)	–	(17 424)	(16 159)
Restoration Trust Fund	(33 622)	(30 975)	(16 811)	(15 493)
Items accounted for directly through other comprehensive income	–	–	(2 367)	–
Section 24C allowances in respect of long-term receivables	(4 009)	(5 139)	–	–
	(1 764 926)	(1 105 514)	(1 160 939)	(857 550)
Net deferred tax liability	(1 418 593)	(824 445)	(937 802)	(700 878)
The charge in the deferred tax balance is reconciled as follows:				
Net deferred tax liability at the beginning of the year	(824 445)	(585 883)	(700 878)	(605 265)
Items accounted for directly through retained earnings – adoption of IFRS 9	100	–	–	–
Items accounted for directly through other comprehensive income (refer note 7)	–	–	(2 367)	589
Charge for the year (refer note 38)	(594 248)	(238 562)	(234 557)	(96 202)
Employee benefits	70 590	15 437	55 924	12 398
Decommissioning and environmental restoration provisions	7 434	(1 538)	2 825	(2 658)
Share-based payment liabilities	25 088	(1 771)	15 052	(2 341)
Deferred income	(8 208)	(2 464)	(4 856)	(1 493)
Calculated capital and tax losses	525	349	(2 480)	2 480
Property, plant and equipment	(644 382)	(265 740)	(298 439)	(100 033)
Depreciation component included in metals on hand and in transit	(43 678)	19 069	(1 265)	(2 579)
Restoration Trust Fund	(2 647)	(2 350)	(1 318)	(1 976)
Section 24C allowance in respect of long-term receivables	1 030	446	–	–
Net deferred tax liability	(1 418 593)	(824 445)	(937 802)	(700 878)
The net deferred tax liability is made up as follows:				
Deferred tax asset	874	349	–	–
Deferred tax liability	(1 419 467)	(824 794)	(937 802)	(700 878)
Net deferred tax liability	(1 418 593)	(824 445)	(937 802)	(700 878)

Significant judgements and estimates: Utilisation of a deferred tax asset

The group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Estimation is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the group to assess the likelihood that the group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets.

The utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. In light of Eland Platinum Proprietary Limited's financial performance and the uncertainty of future taxable profits to account against its deferred tax asset, management concluded, following due assessment, that it was prudent not to raise a deferred tax asset amounting to R374.7 million (2018: R177.9 million). This position will continuously be assessed going forward.

Similarly for the various US entities no deferred tax asset was raised for tax losses amounting to R47.9 million (2018: R12.2 million).

21. Long-term provisions

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
Rehabilitation provision opening balance	640 128	304 829	131 793	141 284
Recognition of a decommissioning liability	–	335 323	–	–
Change in estimate relating to the decommissioning costs	(78 070)	(39 961)	(19 711)	(21 991)
Change in estimate relating to restoration costs	54 669	2 087	16 884	(2 505)
Recognition of a restoration liability	–	5 469	–	–
Unwinding of discount (refer note 35)	62 732	32 381	12 917	15 005
Total rehabilitation and decommissioning liability provision	679 459	640 128	141 883	131 793
Below is a breakdown of the rehabilitation and decommission liability provision				
Provision for decommissioning costs				
Balance at the beginning of the year	569 761	248 047	100 119	110 385
Recognition of a decommissioning liability	–	335 323	–	–
Change in estimate relating to the decommissioning cost reallocated to restoration costs	(62 309)	–	–	–
Change in estimate relating to the decommissioning costs	(78 070)	(39 961)	(19 711)	(21 991)
Unwinding of discount (refer note 35)	55 837	26 352	9 812	11 725
	485 219	569 761	90 220	100 119
Provision for restoration costs				
Balance at the beginning of the year	70 367	56 782	31 674	30 899
Recognition of a restoration liability	–	5 469	–	–
Change in estimate relating to the decommissioning cost reallocated to restoration costs	62 309	–	–	–
Change in estimate	54 669	2 087	16 884	(2 505)
Unwinding of discount (refer note 35)	6 895	6 029	3 105	3 280
	194 240	70 367	51 663	31 674
Total rehabilitation and decommissioning liability provision	679 459	640 128	141 883	131 793
The rehabilitation provision is made up of the provision relating to:				
Northam Platinum Limited (Zondereinde)	141 883	131 793	141 883	131 793
Booysendal Platinum Proprietary Limited	184 005	167 543	–	–
Eland Platinum Proprietary Limited	353 571	340 792	–	–
	679 459	640 128	141 883	131 793

The South African National Environmental Management Act No. 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.

Northam Platinum Limited makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis. The provision is based on the current best estimate for rehabilitation and decommissioning costs and is determined using commercial closure cost assessments and not the Department of Mineral Resources published rates. Management believes using commercial closure cost assessments more accurately reflect the potential future costs. The commercial closure costs assessment is significantly more than what the liability would have been should the current published Department of Mineral Resources rates have been used.

Financial provision is not however required to be made for the decommissioning of certain structures, such as housing, which may have an alternative use.

Significant judgements and estimates: Assessment of decommissioning and restoration provision

The estimation of future costs of environmental obligations relating to decommissioning and rehabilitation is particularly complex and requires management to make estimates, assumptions and judgements relating to the future. These estimates are dependent on a number of factors including assumptions around environmental legislation, life-of-mine estimates and discount rates.

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Management estimates, with the assistance of independent experts, the expected total spend for the rehabilitation, management and remediation of negative environmental impact of closure at the end of the live of the mines and processing operations.

The group makes full provision for the future commercial cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically-viable rates. This, in turn, will depend upon future commodity prices, which are inherently uncertain.

The net present value of current decommissioning and restoration costs are based on the following assumptions:

		Group		Company	
		2019	2018	2019	2018
Long-term South African inflation rate	%	7.2	7.2	7.2	7.2
Long-term real discount rate	%	9.8	9.8	9.8	9.8
Discounting period					
Zondereinde	years	22	23	22	23
Booysendal	years	20	21	–	–
Eland	years	17	18	–	–
Value of the undiscounted commercial closure rehabilitation costs					
Zondereinde	R000	240 380	228 699	240 380	228 699
Booysendal	R000	297 138	277 117	–	–
Eland	R000	537 785	530 920	–	–

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Cash flows relating to rehabilitation costs will occur at the end of the life of the operations which is currently determined as the expiry date of the mining licences.

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% (2018: 9.8%) and a long-term inflation rate of 7.2% (2018: 7.2%) over the remaining life of the various mines.

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 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 (2015 Regulations).

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 and 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 2015 Regulations under NEMA and intends to comply with the new 2015 Regulations.

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

	Zondereinde (Northam Platinum Limited) 2019 R000	Booysendal Platinum Proprietary Limited 2019 R000	Eland Platinum Proprietary Limited 2019 R000	Total 2019 R000
Provision for decommissioning costs				
Balance at the beginning of the year	100 119	134 319	335 323	569 761
Change in estimate relating to the decommissioning cost reallocated to restoration costs	–	–	(62 309)	(62 309)
Change in estimate relating to the decommissioning costs	(19 711)	(37 741)	(20 618)	(78 070)
Unwinding of discount	9 812	13 162	32 863	55 837
Total provision for decommissioning costs	90 220	109 740	285 259	485 219
Provision for restoration costs				
Balance at the beginning of the year	31 674	33 224	5 469	70 367
Change in estimate relating to the decommissioning cost reallocated to restoration costs	–	–	62 309	62 309
Change in estimate	16 884	37 785	–	54 669
Unwinding of discount	3 105	3 256	534	6 895
Total provision for restoration costs	51 663	74 265	68 312	194 240
Total rehabilitation and decommissioning liability provision	141 883	184 005	353 571	679 459

	Zondereinde (Northam Platinum Limited) 2018 R000	Booysendal Platinum Proprietary Limited 2018 R000	Eland Platinum Proprietary Limited 2019 R000	Total 2018 R000
Provision for decommissioning costs				
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
Total provision for decommissioning costs	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
Total provision for restoration costs	31 674	33 224	5 469	70 367
Total rehabilitation and decommissioning liability provision	131 793	167 543	340 792	640 128

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

	Zondereinde (Northam Platinum Limited) 2019 R000	Booysendal Platinum Proprietary Limited 2019 R000	Eland Platinum Proprietary Limited 2019 R000	Total 2019 R000
Undiscounted obligation based on the Department of Mineral Resources, excluding Value Added Tax	176 890	173 263	164 922	515 075
Less funds held by Northam Platinum Restoration Trust Fund (note 10)	(60 040)	(60 040)	–	(120 080)
Less environmental guarantees (note 11)	(142 350)	(98 427)	(160 641)	(401 418)
Total (overfunded)/unfunded current rehabilitation obligation in terms of current legislation	(25 500)	14 796	4 281	(6 423)

	Zondereinde (Northam Platinum Limited) 2018 R000	Booysendal Platinum Proprietary Limited 2018 R000	Eland Platinum Proprietary Limited 2018 R000	Total 2018 R000
Undiscounted obligation based on the Department of Mineral Resources, excluding Value Added Tax	168 177	154 314	152 720	475 211
Less funds held by Northam Platinum Restoration Trust Fund (note 10)	(55 333)	(55 293)	–	(110 626)
Less environmental guarantees (note 11)	(142 350)	(98 427)	(160 641)	(401 418)
Total (overfunded)/unfunded current rehabilitation obligation in terms of current legislation	(29 506)	594	(7 921)	(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.

Refer to note 10 and 11 for further details on the Northam Platinum Restoration Trust Fund as well as the various guarantees taken out.

22. Long-term loans

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Security of supply contribution	101 886	131 200	47 326	64 669
Heraeus Deutschland GmbH & Co. KG	72 461	75 403	72 461	75 403
Total long-term loans	174 347	206 603	119 787	140 072
Current portion of security of supply contribution	(24 437)	(15 140)	(14 320)	(7 496)
Current portion of Heraeus Deutschland GmbH & Co. KG	(9 400)	(9 400)	(9 400)	(9 400)
Long-term portion	140 510	182 063	96 067	123 176

The security of supply contribution relates to advances for the supply of future product. These advances will be recognised over the guaranteed supply period, which commenced during the 2017 financial year.

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 cost to the furnace in the 2016 financial year.

23. Financial guarantee liability

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Zambezi Platinum (RF) Limited financial guarantee liability	–	–	7 535 944	7 535 944
	–	–	7 535 944	7 535 944

A financial guarantee contract was issued by Northam Platinum Limited to Zambezi Platinum (RF) Limited to guarantee the preference shares that were issued by Zambezi Platinum (RF) Limited as part of the BEE transaction.

The redemption of the BEE preference shares is planned to occur through cash accumulation from dividends received from Northam Platinum Limited, and after the lock-in the possible sell-off of Northam Platinum Limited shares into the market to realise the capital value, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured by the company in terms of a financial guarantee (Northam guarantee), in terms of which Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay. Northam may settle the debt by ways of a cash payment or the issue of a determinable number of Northam Platinum Limited shares or a cash and Northam Platinum Limited share combination.

The financial guarantee liability is amortised based on the total value of preference shares still outstanding, as this better reflects the pattern of how Northam Platinum Limited provides the guarantee, and is therefore unchanged from the prior year.

Even though the company currently holds a number of the Zambezi Platinum (RF) Limited preference shares (refer note 7), these preference shares are still outstanding and therefore no change will be accounted for relating to the guarantee liability.

24. Domestic medium-term notes

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Non-current domestic medium-term notes				
Domestic medium-term notes (NHM002)	175 000	175 000	175 000	175 000
Transaction costs relating to the NHM002 issue	(1 256)	(1 256)	(1 256)	(1 256)
Amortisation of transaction costs over 60 months	796	544	796	544
	174 540	174 288	174 540	174 288

On 13 May 2016, Northam issued NHM002, which is R175.0 million's worth of five-year senior unsecured fixed rate notes. 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.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
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	–	3 213	–	3 213
Transfer to current domestic medium-term notes	–	(248 586)	–	(248 586)
	–	–	–	–
Domestic medium-term notes (NHM006)	250 000	–	250 000	–
Transaction costs relating to the NHM006 issue	(1 576)	–	(1 576)	–
Amortisation of transaction costs over 24 months	164	–	164	–
	248 588	–	248 588	–

On 16 April 2019, Northam issued NHM006, which is R250.0 million's worth of two-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 325 basis points, which is payable on a quarterly basis in April, July, October and January of each year from issued date for a two-year period, and will be redeemed on 16 April 2021.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Domestic medium-term notes (NHM007)	300 000	–	300 000	–
Transaction costs relating to the NHM007 issue	(1 851)	–	(1 851)	–
Amortisation of transaction costs over 36 months	128	–	128	–
	298 277	–	298 277	–

On 16 April 2019, Northam issued NHM007, which is R300.0 million worth of three-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 375 basis points, which is payable on a quarterly basis in April, July, October and January of each year from issued date for a three-year period. These notes mature on 16 April 2022.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Domestic medium-term notes (NHM009)	250 000	–	250 000	–
Transaction costs relating to the NHM009 issue	(1 538)	–	(1 538)	–
Amortisation of transaction costs over 36 months	93	–	93	–
	248 555	–	248 555	–

On 26 April 2019, Northam issued NHM009 which is R250.0 million worth of three-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 375 basis points, which is payable on a quarterly basis in April, July, October and January of each year from issued date for a three-year period. These notes mature on 26 April 2022.

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Domestic medium-term notes (NHM011)	500 000	–	500 000	–
Transaction costs relating to the NHM011 issue	(2 905)	–	(2 905)	–
Amortisation of transaction costs over 36 months	101	–	101	–
	497 196	–	497 196	–

On 24 May 2019, Northam issued NHM011, which is R500.0 million worth of three-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 375 basis points, which is payable on a quarterly basis in May, August, November and February of each year from issued date for a three-year period. These notes mature on 24 May 2022.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Domestic medium-term notes (NHM012)	100 000	–	100 000	–
Transaction costs relating to the NHM012 issue	(866)	–	(866)	–
Amortisation of transaction costs over 36 months	14	–	14	–
	99 148	–	99 148	–

On 13 June 2019, Northam issued NHM012, which is R100.0 million worth of three-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 375 basis points, which is payable on a quarterly basis in June, September, December and March of each year from issued date for a three-year period. These notes mature on 13 June 2022.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Total non-current domestic medium-term notes	1 566 304	174 288	1 566 304	174 288

Current domestic medium-term notes

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Transfer from non-current assets domestic medium-term notes (NHM003)	–	248 586	–	248 586
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	4 627	–	4 627	–
Domestic medium-term notes repaid (NHM003)	(250 000)	–	(250 000)	–
	–	248 586	–	248 586

The Industrial Development Corporation of South Africa Limited subscribed to NHM003 for R250.0 million, three-year senior unsecured floating rate notes on 10 June 2016. The notes attracted a floating coupon rate of 3-month JIBAR plus 390 basis points, which was payable on a quarterly basis in September, December, March and June of every year for a three-year period. These notes matured on 9 June 2019.

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Domestic medium-term notes issued (NHM004)	450 000	450 000	450 000	450 000
Transaction costs relating to the NHM004 issue	(2 778)	(2 778)	(2 778)	(2 778)
Amortisation of transaction costs over 12 months	2 778	538	2 778	538
Domestic medium-term notes repaid (NHM004)	(450 000)	–	(450 000)	–
	–	447 760	–	447 760

On 20 April 2018 Northam issued NHM004, which is R450.0 million one-year senior unsecured fixed rate notes. The notes bore a fixed coupon of 11.0% per annum, payable on the redemption date, which was 20 April 2019.

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Domestic medium-term notes issued (NHM005)	550 000	550 000	550 000	550 000
Transaction costs relating to the NHM005 issue	(3 304)	(3 304)	(3 304)	(3 304)
Amortisation of transaction costs over 12 months	3 304	398	3 304	398
Domestic medium-term notes repaid (NHM005)	(550 000)	–	(550 000)	–
	–	547 094	–	547 094

On 18 May 2018 Northam issued NHM005, which is R550.0 million one-year senior unsecured fixed rate notes. The notes bore a fixed coupon of 11.0% per annum, payable on the redemption date, which was 18 May 2019.

Domestic medium-term notes issued (NHM008)	200 000	–	200 000	–
Transaction costs relating to the NHM008 issue	(1 263)	–	(1 263)	–
Amortisation of transaction costs over 12 months	228	–	228	–
	198 965	–	198 965	–

On 26 April 2019, Northam issued NHM008, which is R200.0 million one-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 240 basis points, which is payable on a quarterly basis on April, July, October and January for a one-year period from issue date. These notes mature on 26 April 2020.

Domestic medium-term notes issued (NHM010)	50 000	–	50 000	–
Transaction costs relating to the NHM010 issue	(430)	–	(430)	–
Amortisation of transaction costs over 12 months	45	–	45	–
	49 615	–	49 615	–

On 24 May 2019, Northam issued NHM010, which is R50.0 million one-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 240 basis points, which is payable on a quarterly basis on May, August, November and February from issue date for a one-year period. These notes mature on 24 May 2020.

Total current domestic medium-term notes	248 580	1 243 440	248 580	1 243 440
Total domestic medium-term notes	1 814 884	1 417 728	1 814 884	1 417 728

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

The funds generated from the issue of the various notes were used for general corporate purposes, except for NHM003 from which the proceeds had to be applied for the development of the Booysendal mine expansion project, in terms of the agreement with the Industrial Development Corporation of South Africa Limited.

Refer to the related party note (note 45) for various guarantees issued by group companies relating to the notes issued.

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

Subsequent to year-end, the board approved an increase in the R2.0 billion DMTN Programme from R2.0 billion to R5.0 billion. This increase will facilitate a future refinance of existing DMTNs in issue, by way of a placement of new DTMNs (increasing the total in issue above R2.0 billion) and an immediate subsequent settlement of maturing DMTNs.

25. Preference share liability

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Opening balance	9 818 651	8 636 558	–	–
Accrued preference share dividends	1 340 717	1 182 093	–	–
Preference share liability relating to Zambezi Platinum (RF) Limited	11 159 368	9 818 651	–	–
Derecognition of Zambezi Platinum (RF) Limited preference shares through the investment in the preference shares together with the accrued dividends	(295 257)	(259 784)	–	–
Liquidity fees amortised over the 10-year lock-in period relating to the Black Economic Empowerment transaction	(163 903)	(163 903)	–	–
Amortisation of liquidity fees	66 926	50 536	–	–
	10 767 134	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) at R41 per share plus the cumulative preference dividends, which will be May 2025. 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:

	Group		Company	
	2019	2018	2019	2018
Number of Zambezi Platinum (RF) Limited preference shares held by Northam Platinum Limited	4 230 819	4 230 819	4 230 819	4 230 819
Amortised cost value per share	R69.79	R61.40	–	–
Closing market value of Zambezi Platinum (RF) Limited preference shares trading as preference share code: ZPLP	–	–	R72.50	R59.00

Subsequent to year-end, Northam Platinum Limited acquired 1 477 639 preference shares at the fair value of the preference shares on transaction date.

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:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Accrued dividends	1 340 717	1 182 093	–	–
Less interest capitalised to property, plant and equipment in terms of IAS 23 Borrowing costs	–	(44 270)	–	–
Less dividends accrued to Northam Platinum Limited with regards to the Zambezi Platinum (RF) Limited preference shares owned (refer note 34)	(35 473)	(31 139)	–	–
	1 305 244	1 106 684	–	–

In terms of the Northam BEE transaction, Zambezi Platinum (RF) Limited holds a combined 31.4% interest in Northam's issued stated capital.

The transaction was financed by way of 159 905 453 new Zambezi listed preference shares, redeemable at the end of a 10-year period. These BEE preference shares are guaranteed by Northam and as a result of the guarantee consolidated into the Northam group results.

The redemption of the preference share liability will occur in part through 90% of the dividends received from Northam Platinum Limited. There is however no obligation to settle the preference share liability during the 10-year lock-in period should no dividends be received from Northam Platinum Limited. After the lock-in period of 10 years, the preference share liability will be redeemed in a bullet payment through the possible sell-off of the Northam shares owned by Zambezi into the market to realise the capital value. In the event that this is not sufficient to settle the liability, the preference share liability will be secured in terms of a financial guarantee issued by Northam. Should a liability arise under the Northam guarantee, Northam may settle this liability by capitalising Zambezi with cash and/or Northam shares before the redemption amount becomes due or making payment directly to the preference shareholders. The manner of settlement is a choice and is not contractually specified between the two ways mentioned above.

Significant judgements and estimates: consolidation of Zambezi Platinum (RF) Limited

In terms of the preference share agreement between Zambezi Platinum (RF) Limited and its preference shareholders, the preference shareholders will be entitled to receive dividends equal to the South African prime interest rate plus 3.5% over the 10-year period. The preference shares will be compulsorily redeemable on the day immediately preceding the 10th anniversary of the implementation date. The preference shares can only be redeemable before this date upon the occurrence of an early redemption event which is defined in the agreement. The redemption price will be equal to the preference shares' issue price. In terms of the preference shares agreement, the preference dividends will accumulate (compounded) at the rate mentioned above for the 10-year period if not paid by Zambezi. On the redemption date, Zambezi has to settle any outstanding dividends accumulated, together with the redemption price. Zambezi does not have any discretion to avoid the payment of cumulative preference dividends or the payment of the redemption price, and is therefore obliged to settle this amount by delivering cash, a variable number of Northam shares or a combination of the two. The preference shares as well as any accumulated and unpaid preference dividends meet the definition of a financial liability, and are accounted for as such in the statement of financial position of Zambezi, and consolidated in the financials of Northam in terms of International Financial Reporting Standards. This means that the Northam group reflects the BEE equity issued shares as treasury shares (for accounting purposes) and the BEE preference shares are reflected as a liability.

Zambezi was created and designed for the sole purpose of providing Northam with BEE credentials and as a structure to hold the listed BEE preference shares. If Northam does not comply with the HDSA requirements in the Mining Charter they will not be able to retain their mining rights. Northam is able to direct the strategic direction of Zambezi and as per the subscription and relationship agreement between the two companies, Zambezi's memorandum of incorporation may not be amended or replaced without Northam's prior written consent. Northam assumes full responsibility for the administration of Zambezi as well as any costs incurred by Zambezi up to a certain limit. Furthermore, Northam provides a guarantee for Zambezi's obligation in respect of the preference shares. All these points indicate that Northam has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created.

In terms of the transaction, an 'N' share was issued to Northam, which gave them the right to implement mitigating action should Zambezi 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 also cannot dispose of the Northam ordinary shares without the prior consent of Northam. Northam has significant exposure to the variable returns of Zambezi, 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. The decision-making power of Zambezi's board of directors is restricted to maintaining Northam'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.

26. Share-based payment liability

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Performance and retention share-based payment liability	186 025	129 129	112 849	75 756
Lock-in and incentive mechanism share-based payment liability	61 535	28 210	30 767	14 105
Total share-based payment liability	247 560	157 339	143 616	89 861
Short-term portion of share-based payment liability	(86 814)	(78 340)	(52 720)	(44 604)
Long-term share-based payment liability	160 746	78 999	90 896	45 257
The movement in the share-based payment liability is made up as follows:				
Opening balance	157 339	163 665	89 861	98 221
Share-based payment expense during the year (note 33)	192 995	107 344	134 784	76 980
Options/incentive shares cash settled during the year	(102 774)	(113 670)	(81 029)	(85 340)
Total share-based payment liability	247 560	157 339	143 616	89 861

The short-term portion is based on the shares which will be settled or expire in the next 12 months, all other share-based payment liabilities are disclosed as non-current due to the contractual payment terms as per the share incentive plan.

Share incentive plan (the SIP)

Below is an analysis of share incentives held as at 30 June 2019:

	4 Nov 2014 Share award	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	Total
Retention shares						
Balance 1 July 2018	–	649 950	488 500	686 500	–	1 824 950
Shares awarded during the year	–	–	–	–	819 500	819 500
Shares forfeited	–	(4 000)	(15 700)	(19 250)	(23 100)	(62 050)
Shares cash settled during the year	–	(645 950)	(36 700)	(44 250)	(23 100)	(750 000)
Balance at 30 June 2019	–	–	436 100	623 000	773 300	1 832 400
Balance 1 July 2017	527 700	709 100	508 900	–	–	1 745 700
Shares awarded during the year	–	–	–	709 000	–	709 000
Shares forfeited	(38 350)	(32 950)	(5 800)	(13 800)	–	(90 900)
Shares cash settled during the year	(489 350)	(26 200)	(14 600)	(8 700)	–	(538 850)
Balance at 30 June 2018	–	649 950	488 500	686 500	–	1 824 950

	4 Nov 2014 Share award	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	Total
Performance shares						
Balance 1 July 2018	–	1 925 350	1 444 100	2 029 100	–	5 398 550
Shares awarded during the year	–	–	–	–	2 480 100	2 480 100
Shares forfeited/adjusted for performance conditions met during the year	–	(418 982)	(46 300)	(56 650)	(70 200)	(592 132)
Shares cash settled during the year	–	(1 506 368)	(108 500)	(130 750)	(70 200)	(1 815 818)
Balance at 30 June 2019	–	–	1 289 300	1 841 700	2 339 700	5 470 700
Balance 1 July 2017	1 561 100	2 100 700	1 504 600	–	–	5 166 400
Shares awarded during the year	–	–	–	2 095 200	–	2 095 200
Shares forfeited/adjusted for performance conditions met during the year	(114 000)	(97 850)	(17 600)	(40 600)	–	(270 050)
Shares cash settled during the year	(1 447 100)	(77 500)	(42 900)	(25 500)	–	(1 593 000)
Balance at 30 June 2018	–	1 925 350	1 444 100	2 029 100		5 398 550

The shares awarded in terms of the rules of the share incentive plan (SIP) comprise: retention shares, which vest after three years from grant date with no performance criteria, and performance shares, which vest after three years from grant date. The final number of performance shares that an employee will receive will be subject to certain performance criteria being met.

The social, ethics, human resources and transformation (SEHR&T) committee elects the settlement of all SIP awards of conditional shares in cash or with shares. Currently all shares are expected to be settled in cash and is therefore treated as cash settled. Forfeitable share awards will only be settled through the issue of shares, in order to ensure that a participant's interests remain aligned with those of shareholders. It allows the SEHR&T committee to more effectively manage cash commitments and shareholder dilution arising pursuant to the settlement of awards under the SIP on the group's behalf.

Before the changes approved at the AGM in November 2016, the SIP provided for the settlement amount using the volume weighted average price (VWAP) of a share calculated on the day preceding settlement. The rules were amended to provide for the settlement amount using the 30-day VWAP of a share calculated on the day preceding settlement.

The rules of the SIP relating to the issue, acceptance and settlement of awards during prohibited periods have been amended to allow for deferred issue, acceptance and settlement of awards as a result of a prohibited period preventing these actions. Furthermore, if settlement of an award is deferred, the values to be used when settlement actually occurs will be the same values that would have been used if settlement had not been deferred and rather taken place on the last date allowed under the rules (i.e. the 30th day following vesting).

Previously, if a participant retired before the age of 60, a portion of their awards would lapse. This resulted in employees that were required (for financial reasons related to the rules governing their retirement funds) to retire early, potentially being penalised despite only retiring a few days or weeks before their retirement date. Although arguably the current rules cater for these exceptional circumstances, the relevant provisions were ambiguous. The rules were therefore amended to clearly provide that, in the event a participant retires within one year of their prescribed retirement date, the committee may resolve to deem this to be retirement as opposed to early retirement. This amendment more clearly allows for the penalties attached to early retirement to be avoided in instances where they would unfairly prejudice a participant.

The updated rules were amended to allow the SEHR&T committee to delay the making, of an award and/or settlement or vesting of conditional shares or forfeitable shares as a result of labour unrest, strikes or similar events affecting the group.

All awards that had not yet vested but were cash-settled during the year under review relate to employees who retired or passed away.

The following table lists the inputs to the model used for the share incentive plan for the year ended 30 June 2019:

	8 Nov 2016 Retention shares	8 Nov 2016 Performance shares	2 Nov 2017 Retention shares	2 Nov 2017 Performance shares	6 Nov 2018 Retention shares	6 Nov 2018 Performance shares
Dividend yield (%)	–	–	–	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0	10.0	10.0	10.0
Expected life of share awards (years)	0.36	0.36	1.35	1.35	2.36	2.36
Spot price (ZAR)	57.22	57.22	57.22	57.22	57.22	57.22
Model used*	Market value	Market value	Market value	Market value	Market value	Market value

**Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate, but the share price at year end adjusted for dividends forfeited during the vesting period was used.*

The following table lists the inputs to the model used for the share incentive plan for the year ended 30 June 2018:

	11 Nov 2015 Retention shares	11 Nov 2015 Performance shares	8 Nov 2016 Retention shares	8 Nov 2016 Performance shares	2 Nov 2017 Retention shares	2 Nov 2017 Performance shares
Dividend yield (%)	–	–	–	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0	10.0	10.0	10.0
Expected life of share awards (years)	0.37	0.37	1.36	1.36	2.35	2.35
Spot price (ZAR)	36.68	36.68	36.68	36.68	36.68	36.68
Model used*	Market value	Market value	Market value	Market value	Market value	Market value

**Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate, but the share price at year end adjusted for dividends forfeited during the vesting period was used.*

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the incentive shares is indicative of future trends, which may not necessarily be the actual outcome.

Lock-in and incentive mechanism (LIM)

Northam was requested by certain of its key institutional shareholders to consider the creation of a mechanism which would appropriately incentivise Northam's senior management to address the financial risks associated with the guarantee provided by Northam in favour of the Zambezi preference shareholders. A lock-in and incentive mechanism (LIM) which is specifically structured to incentivise the mitigation of those risks introduced by and unique to the guarantee, as well as, retaining key members of Northam's senior management as employees until the redemption of the Zambezi Platinum (RF) Limited preference shares (preference shares) in May 2025 was approved.

The SIP incentivises Northam's management over the short to medium term (three years) and is primarily focused on motivating the achievement by management of various technical and financial targets. Although these measures are appropriate and essential to the viability of the group, the SIP did not allow for performance measures relating to the guarantee liability. This required a long-term incentive mechanism premised on the exact variables which will determine the guarantee liability.

It is further recognised that Northam's market position relative to its peers has altered significantly with Northam having become a sizable and respected market participant. This success increases the risk of Northam losing members of its senior management, making it a strategic imperative for the company to retain management and prevent the loss of critical skills before the redemption date. In the circumstances, Northam and the relevant committees of its board of directors resolved to amend the rules to incorporate the LIM, with a view to appropriately incentivising the management team in order to prevent the guarantee liability from materialising and simultaneously lock-in their skill-set until the redemption date. This objective is consistent with the interests of Northam shareholders.

The LIM comprises two separate mechanisms structured with specific reference to the terms of the BEE transaction and, more specifically, the potential guarantee liability.

Long-term BEE transaction incentive plan (BIP)

The BIP addresses the long-term incentivisation and retention of its participants by aligning their interests with shareholders through equity participation. The BIP is to be implemented through the SIP, which was amended to incorporate the specific elements of the BIP. The BIP is implemented in addition to the SIP and does not replace or affect the SIP.

The company limits participants in the BIP to the key members of Northam's current and future key executive management team including, the chief executive officer (CEO), chief financial officer (CFO), chief commercial officer (CCO), chief geologist (CG), chief technical officer (CTO), executive officer HR (EHR) and the senior general managers of Booysendal and Zondereinde mines (GM) (participants). The position of the CTO has not been filled and remains subject to the employment of a suitable candidate by the group and the BEE CPS allocated to this positions will not be issued in the event that it is not filled.

In terms of the BIP an aggregate of 5 million shares will be conditionally awarded to the participants through the creation and award of 5 000 000 BEE CPS under the SIP.

Below is details of the BEE CPS awarded:

	Number of BEE CPS shares 2019	Number of BEE CPS shares 2018
CEO	1 500 000	1 500 000
CFO	–	700 000
CCO	500 000	500 000
CG	500 000	500 000
EHR	500 000	500 000
GM Zondereinde	200 000	200 000
GM Booysendal	200 000	200 000
	3 400 000	4 100 000

The aggregate number of BEE CPS issued represents less than 1% of Northam's current issued stated capital and may be settled in cash or shares at the election of the independent committee of the board responsible for administering the SIP at that time. Due to past practices of settling shares in cash, these awards have been treated as cash settled.

Vesting will be subject to the satisfaction of the performance condition that Zambezi Platinum (RF) Limited fully settles the redemption amount; and fully settles or makes adequate provision for all its tax liabilities arising from settlement of the redemption amount, on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount.

Vesting of BEE CPS will occur 30 business days after the date on which the BIP performance condition is fulfilled (which is expected to be 18 May 2025) or, in the event that vesting of the BEE CPS is accelerated in certain exceptional instances, as set out in the current rules in relation to conditional shares, including a change of control of Northam or an earlier date determined in accordance with the rules.

	Number of BEE CPS shares 2019	Number of BEE CPS shares 2018
Opening balance	4 100 000	3 600 000
Shares awarded during the year	–	500 000
Shares forfeited during the year	(700 000)	–
Balance as at 30 June 2019	3 400 000	4 100 000

The following table lists the inputs to the model used for the long-term BEE transaction incentive plan:

	BEE CPS shares 2019	BEE CPS shares 2018
Dividend yield (%)	–	–
Forfeiture rate (%)	–	–
Expected life of share awards (years)	5.91	6.91
Spot price (ZAR)	59.00	36.68
Model used*	Market value	Market value

**Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate, but the share price at year end adjusted for dividends forfeited during the vesting period was used.*

Also refer to the remuneration report included in the Annual Integrated Report.

27. Revolving credit facility

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Opening balance	1 500 000	–	1 500 000	–
Amounts drawn down on the revolving credit facility	850 000	2 000 000	850 000	2 000 000
Amounts repaid during the year	(200 000)	(500 000)	(200 000)	(500 000)
Total facility utilised	2 150 000	1 500 000	2 150 000	1 500 000
Transaction costs incurred	(21 767)	(17 055)	(21 767)	(17 055)
Amortisation of transaction cost over the facility period	8 960	3 550	8 960	3 550
	2 137 193	1 486 495	2 137 193	1 486 495

The group has a revolving credit facility with Nedbank Limited. The facility was effective from November 2016 for a period of 60 months to the value of R2.0 billion. During the previous financial year, an additional R1.0 billion facility was negotiated for a period of 24 months effective 18 April 2018. During the year under review the facility was increased by a further R500 million, from R3.0 billion to R3.5 billion. Both of Northam's existing R1 billion and R2 billion revolving credit facilities, as well as the R500 million increase, have been combined into a single R3.5 billion revolving credit facility maturing on 29 November 2021.

The interest rate on the total revolving credit facility remains unchanged. Interest accrues at JIBAR plus 3.30% on any outstanding loan balance.

Commitment fees are payable on the revolving credit facility amounting to 0.99% per annum on the unutilised portion of the facility.

Subsequent to year end an amount of R200.0 million was repaid on the facility (2018: R250.0 million was drawn down subsequent to the year-end).

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 year end under the existing loan facility.

Refer to the related party note (note 45) for various guarantees issued by group companies relating to the revolving credit facility.

Subsequent to year-end, Northam Platinum Limited refinanced the R3.5 billion 5 year revolving credit facility on more favourable terms, extending the maturity date from November 2021 to August 2024. The interest rate on the revolving credit facility was JIBAR plus 3.30% whereas the interest rate on the new R3.5 billion 5 year revolving credit facility will be calculated as JIBAR plus 2.10%, plus a utilisation fee of between 0.10% and 0.50% per annum, depending on the amount of the drawdown. The commitment fee has also been renegotiated to 0.70% per annum on the unutilised portion up to R2.5 billion, after which no commitment fees are payable.

28. Trade and other payables

	Group			Company		
	2019	Restated* 2018	Restated* opening balance 1 July 2017	2019	Restated* 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000	R000	R000
Trade payables	917 243	590 045	503 007	382 206	246 042	199 797
Provisional pricing payables	5 115	27 967	58 226	130	18 220	58 226
Accruals	408 785	875 656	337 386	294 740	833 437	304 954
Capital accruals	52 232	84 978	29 977	13 241	15 577	29 977
South African Revenue Service – Value Added Tax	35 254	15 920	11 024	–	–	–
South African Revenue Service – amounts payable relating to the Mineral and Petroleum Resources Royalty	13 391	–	–	13 196	–	–
Accrued interest and commitment fees	38 899	52 684	5 741	38 899	52 684	5 741
Amounts payable to Booysendal Platinum Proprietary Limited	–	–	–	–	–	476 547
Employee related accruals	375 197	248 645	193 690	284 291	196 401	157 242
Other	85 057	67 307	64 545	5 965	6 603	7 354
	1 931 173	1 963 202	1 203 596	1 032 668	1 368 964	1 239 838

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

Trade payable balances are unsecured, non-interest bearing and normally settled on 30-day terms. Amounts payable to Booysendal Platinum Proprietary Limited are mainly attributable to the purchase of concentrate.

The carrying value of trade and other payables approximate their fair value, due to the their short term nature.

Below are the uncovered foreign currency denominated balances as at 30 June included in trade and other payables above:

	Group		Company	
	2019	2018	2019	2018
	000	000	000	000
Amounts denominated in € included in trade and other payables	2 225	3 360	1 246	1 474
Amounts denominated in USD included in trade and other payables	6 523	–	4 828	–
Amounts denominated in CHF included in trade and other payables	2	–	2	–

29. Provisional pricing derivatives

	Group			Company		
	2019	Restated* 2018	Restated* opening balance 1 July 2017	2019	Restated* 2018	Restated* opening balance 1 July 2017
	R000	R000	R000	R000	R000	R000
Provisional pricing derivatives	26 206	2 773	64 576	17 055	–	15 025
	26 206	2 773	64 576	17 055	–	15 025

** 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 28).

30. Short-term provisions

Short-term provisions consist of the provision for leave pay:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance at the beginning of the year	197 141	155 204	175 903	145 972
Additional amounts raised	338 410	246 539	258 788	224 775
Provision for leave pay utilised	(270 021)	(204 602)	(229 261)	(194 844)
	265 530	197 141	205 430	175 903

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial reporting date based on the basic cost of employment and available leave entitlement at that date.

31. Other long-term employee benefits

The company entered into an agreement with the representative unions at the Zondereinde mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five-year cycle, starting from September 2013.

The asset or liability comprises the present value of the obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets (cash) that are held by the trust and are not available to the creditors of the group.

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Assets as at 1 July	120 330	114 181	120 330	114 181
Interest income	7 620	8 768	7 620	8 768
Employer contributions	28 343	8 191	28 343	8 191
Benefits paid	(73 392)	(2 286)	(73 392)	(2 286)
Actuarial loss	(2 326)	(8 057)	(2 326)	(8 057)
Administration costs	(229)	(467)	(229)	(467)
Assets as at 30 June	80 346	120 330	80 346	120 330
Unrecognised due to asset ceiling limit*	66 540	50 009	66 540	50 009
Below is a breakdown of other long-term employee benefits:				
Other long-term employee benefit as at 1 July	70 321	38 009	70 321	38 009
Service costs	15 816	12 761	15 816	12 761
Interest cost	1 794	3 687	1 794	3 687
Actuarial (gain)/loss	(504)	18 617	(504)	18 617
Benefits	(73 392)	(2 286)	(73 392)	(2 286)
Administration costs	(229)	(467)	(229)	(467)
Other long-term employee benefit as at 30 June	13 806	70 321	13 806	70 321
Asset/(liability) recognised on the statement of financial position	–	–	–	–

**The 'asset ceiling limit' ensures the asset to be recognised on the company's statement of financial position is subject to the present value of any economic benefits available to the company in the form of refunds or reductions in future contributions.*

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post-employment benefit or a termination benefit, the trust is accounted for as an 'other long-term employee benefit' in terms of IAS 19. The benefits payable to employees are therefore measured using the projected unit credit method.

Significant judgements and estimates: Determining other long-term employee benefits

In applying the projected unit credit method, the following estimates were used:

	Group		Company	
	2019	2018	2019	2018
Discount rate	7.9%	7.8%	7.9%	7.8%
Expected rate of return on assets	10.6%	10.4%	10.6%	10.4%

The rate used to discount other long-term employee benefits obligations should be determined by reference to market yields at the reporting date on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds should be used. There is however no deep market in corporate bonds in South Africa and as such reference to the nominal bond curve, as compiled by the JSE has been used. In terms of the accounting standards, historical yields are less important and we consequently consider it appropriate to use the discount rate as noted above per annum.

32. Sales revenue

Revenue can be disaggregated into the following:

	Group		Company	
	2019	Restated* 2018	2019	Restated* 2018
	R000	R000	R000	R000
Revenue from contracts with customers	10 725 482	7 478 259	10 326 865	7 113 771
Revenue from fair value adjustments with regards to IFRS 9	(75 976)	73 922	(46 642)	29 122
Total sales revenue	10 649 506	7 552 181	10 280 223	7 142 893

**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.

Impact of IFRS 15 on the restated 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 financial statements appear as follows after the retrospective amendment:

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

Company	Previously presented audited 30 June 2017 R000	IFRS 15 adjustments R000	Restated 1 July 2017 R000
Trade and other payables	(1 254 863)	15 025	(1 239 838)
Provisional pricing derivatives	–	(15 025)	(15 025)

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

Company	Previously presented audited 30 June 2018 R000	IFRS 15 adjustments R000	Restated 30 June 2018 R000
Trade and other payables	(1 368 964)	–	(1 368 964)
Provisional pricing derivatives	–	–	–

Provisional pricing derivatives relate to amounts received in advance for chrome deliveries during the quotational 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.

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

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

For the year ended 30 June 2019

Sales revenue comprises revenue from the following metals:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Platinum	4 111 344	3 466 598	4 111 344	3 466 598
Palladium	2 825 852	1 723 269	2 825 852	1 723 269
Rhodium	1 800 531	814 506	1 800 531	814 506
Gold	143 330	110 050	143 330	110 050
Iridium	363 794	182 978	363 794	182 978
Ruthenium	249 512	116 580	249 512	116 580
Silver	1 890	1 650	1 890	1 650
Nickel	256 077	257 760	256 077	257 760
Copper	67 100	65 547	67 100	65 547
Cobalt	7 781	10 691	7 781	10 691
Chrome	660 032	802 552	290 749	393 264
UG2 ore	162 263	–	162 263	–
	10 649 506	7 552 181	10 280 223	7 142 893

Revenue from external customers per metal and per operating segment

	Zondereinde operations	Booysendal operations	Eland operations	US recycling operations	Intercompany elimination	Total
	2019	2019	2019	2019	2019	2019
	R000	R000	R000	R000	R000	R000
Platinum	4 111 344	1 396 485	–	7 347	(1 403 832)	4 111 344
Palladium	2 825 852	1 094 709	–	41 062	(1 135 771)	2 825 852
Rhodium	1 800 531	730 719	–	8 471	(739 190)	1 800 531
Gold	143 330	42 425	–	–	(42 425)	143 330
Iridium	363 794	111 511	–	–	(111 511)	363 794
Ruthenium	249 512	109 958	–	–	(109 958)	249 512
Silver	1 890	–	–	–	–	1 890
Nickel	256 077	45 311	–	–	(45 311)	256 077
Copper	67 100	12 826	–	–	(12 826)	67 100
Cobalt	7 781	–	–	–	–	7 781
Chrome	290 749	358 600	10 683	–	–	660 032
UG2 ore	162 263	–	–	–	–	162 263
	10 280 223	3 902 544	10 683	56 880	(3 600 824)	10 649 506

	Zondereinde operations	Booysendal operations	Intercompany elimination	Total
	2018	2018	2018	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

Revenue from external customers per region and per operating segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations 2019 R000	Booysendal operations 2019 R000	Eland operations 2019 R000	US recycling operations 2019 R000	Total 2019 R000
Europe	4 273 446	–	–	–	4 273 446
Japan	1 973 643	–	–	–	1 973 643
Asia	290 749	358 600	10 683	–	660 032
North America	2 859 105	–	–	–	2 859 105
South Africa	883 280	–	–	–	883 280
	10 280 223	358 600	10 683	–	10 649 506

	Zondereinde operations 2018 R000	Booysendal operations 2018 R000	Total 2018 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

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.

Zondereinde further purchased all of the US recycling operations concentrate.

The following customers each account for more than 10% of the total sales revenue of the group, either in the current or prior year:

	2019 R000	2018 R000
Customer 1	458 522	629 388
Customer 2	1 808 417	1 231 214
Customer 3	865 655	664 546
Customer 4	737 375	461 326
Customer 5	1 730 212	906 269
Customer 6	2 601 953	1 769 405
Customer 7	660 032	802 552
Customer 8	562 096	142 645
Other	1 225 244	944 836
	10 649 506	7 552 181

33. Operating costs

	Group 2019 R000	Group 2018 R000	Company 2019 R000	Company 2018 R000
Labour	3 382 668	2 306 559	2 417 355	2 034 063
Stores	2 068 201	1 355 946	1 243 686	1 122 180
Utilities	945 329	785 861	732 322	642 276
Sundries and contractors	1 359 506	1 869 634	675 955	441 732
Reallocated to care and maintenance (refer note 37)	(148 543)	–	–	–
	7 607 161	6 318 000	5 069 318	4 240 251

The various components of operating costs as a percentage of the total operating costs:

	Group 2019 %	Group 2018 %	Company 2019 %	Company 2018 %
Labour	43.6	36.5	47.7	48.0
Stores	26.7	21.5	24.5	26.5
Utilities	12.2	12.4	14.5	15.1
Sundries and contractors	17.5	29.6	13.3	10.4
	100.0	100.0	100.0	100.0

Below are the operating costs per operating segment:

	Zondereinde operations 2019 R000	Booysendal operations 2019 R000	Eland operations 2019 R000	US recycling operations 2019 R000	Total 2019 R000
Labour	2 417 355	915 153	42 702	7 458	3 382 668
Stores	1 243 686	792 347	31 839	329	2 068 201
Utilities	732 322	188 950	23 321	736	945 329
Sundries and contractors	675 955	611 505	64 148	7 898	1 359 506
Reallocated to care and maintenance	–	–	(138 398)	(10 145)	(148 543)
	5 069 318	2 507 955	23 612	6 276	7 607 161

The various components of operating costs as a percentage of the total operating costs:

	Zondereinde operations 2019 R000	Booysendal operations 2019 R000	Eland operations 2019 R000	US recycling operations 2019 R000	Total 2019 R000
Labour	47.7	36.5	26.4	45.4	43.6
Stores	24.5	31.6	19.6	2.0	26.7
Utilities	14.5	7.5	14.4	4.5	12.2
Sundries and contractors	13.3	24.4	39.6	48.1	17.5
	100.0	100.0	100.0	100.0	100.0

Below are the operating costs per operating segment:

	Zondereinde operations 2018 R000	Booysendal operations 2018 R000	Total 2018 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

The various components of operating costs as a percentage of the total operating costs:

	Zondereinde operations 2018 %	Booysendal operations 2018 %	Total 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 contract 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.

Labour costs included in operating costs

The aggregate earnings and benefits to employees, including directors, amounted to:

	Group		Company	
	2019 R000	2018 R000	2019 R000	2018 R000
Salaries, wages and other benefits	2 847 831	1 952 070	2 028 602	1 732 667
Contributions to retirement benefit funds	217 883	155 700	158 252	139 160
Contributions to health care funds	123 959	91 445	95 717	85 256
Share-based payment expense (refer note 26)	192 995	107 344	134 784	76 980
Total labour costs included in operating costs	3 382 668	2 306 559	2 417 355	2 034 063
Fees paid to non-executive directors	5 990	4 552	5 990	4 552
	3 388 658	2 311 111	2 423 345	2 038 615

Key management compensation is disclosed in the related party note (note 45).

34. Investment income

Investment income consists of the following:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Interest received on cash and cash equivalents	26 053	21 536	23 651	15 710
Dividend income received from short-term investments	3 398	7 450	684	4 711
Interest from subsidiaries	–	–	98 112	–
Interest received from suspensive sales agreements	8 135	8 940	–	–
Interest received relating to the Northam Platinum Restoration Trust Fund (refer note 10)	11 331	8 393	5 665	7 059
Interest received relating to the Buttonshope Conservancy Trust	1 319	822	–	–
Accrued dividends from Zambezi Platinum (RF) Limited (refer note 7)	–	–	35 473	31 139
Deemed interest on the interest free home loans	1 818	943	1 293	715
Interest received from the South African Revenue Service	4 206	4 549	4 073	4 427
	56 260	52 633	168 951	63 761

Below is a reconciliation of interest recognised on the effective interest rate method in comparison to investment income disclosed above:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Interest recognised on the effective interest rate method	52 862	45 183	168 267	59 050
Dividend income received from short-term investments	3 398	7 450	684	4 711
Total investment income	56 260	52 633	168 951	63 761

35. Finance charges excluding preference share dividends

Finance charges consists of the following:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Finance costs relating to the domestic medium-term notes	(169 740)	(68 264)	(169 740)	(68 263)
Finance costs relating to the revolving credit facility	(213 671)	(110 868)	(213 671)	(110 868)
Amounts capitalised in terms of IAS 23 Borrowing costs (refer note 3)	294 828	179 132	–	11 813
Commitment fees on borrowing facilities	(9 724)	(7 535)	(9 724)	(7 535)
Amortisation of the transaction costs relating to the domestic medium-term notes (refer note 24)	(7 585)	(2 729)	(7 585)	(2 729)
Amortisation of the transaction costs relating to the revolving credit facility (refer note 27)	(5 410)	(2 548)	(5 410)	(2 548)
Unwinding of rehabilitation liability (refer note 21)	(62 732)	(32 381)	(12 917)	(15 005)
Unwinding of research and development liability (refer note 22)	(6 458)	(10 118)	(6 458)	(10 118)
Other financial liabilities	(3 535)	(13 170)	(108)	(5 175)
	(184 027)	(68 481)	(425 613)	(210 428)

36. Sundry income

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Treatment charges in respect of concentrate purchased	1 433	45 174	1 433	45 174
Rent received	5 432	8 093	1 761	1 763
Sale of scrap	17 258	14 751	5 471	2 986
Profit on sale of property, plant and equipment	6 635	–	6 745	–
Accommodation and housing income	31 240	8 794	29 248	3 420
Environmental guarantee investment income (refer note 11)	1 419	189	709	189
Management fees received from associate	2 160	4 698	–	–
Corporate action once-off income	–	134 816	–	32 916
Reversal of impairment in the Zambezi Platinum (RF) Limited preference shares (refer note 7)	–	–	11 075	–
Other	11 895	490	8 477	237
	77 472	217 005	64 919	86 685

37. Sundry expenditure

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Corporate action costs and once-off project costs	(33 364)	(96 474)	(33 364)	(46 474)
Booysendal land management	(5 678)	(5 218)	–	–
Booysendal South care and maintenance	(13 036)	(31 139)	–	–
Eland care and maintenance as well as project costs	(138 398)	(106 565)	–	–
Accommodation and housing expenses	(36 504)	(13 467)	(31 334)	(3 362)
Black Economic Empowerment Trust operating costs	(4 085)	(3 222)	–	–
Administrative costs relating to Zambezi Platinum (RF) Limited	(2 061)	(1 655)	(2 061)	(1 655)
Loss on sale of property, plant and equipment	–	(4 706)	–	(4 706)
Recycling operation care and maintenance including depreciation charges	(10 145)	(12 176)	–	–
Transition costs and standing time	(36 033)	(86 405)	–	–
Environmental guarantee costs (refer note 11)	–	(5 536)	–	–
Donation to the Northam Employee Trust	–	–	(1 000)	(1 000)
Employee Labour Court judgement (refer note 47)	(55 000)	–	(55 000)	–
Impairment of the investment in Zambezi Platinum (RF) Limited preference shares (refer note 7)	–	–	–	(11 075)
Other expenditure	(23 409)	(14 381)	(12 043)	(2 069)
	(357 713)	(380 944)	(134 802)	(70 341)

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.

38. Taxation

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Income tax				
Current non-mining income tax charge	37 457	10 235	34 129	6 449
Adjustment in respect of current income tax of previous years	9 606	(17 679)	371	(16 027)
	47 063	(7 444)	34 500	(9 578)
Dividend withholding tax				
Current year withholding tax	543	855	–	–
Deferred tax				
Relating to origination and reversal of temporary differences for the current and previous financial year (refer note 20)	594 248	238 562	234 557	96 202
	594 248	238 562	234 557	96 202
Income tax expense reported in profit or loss	641 854	231 973	269 057	86 624
A reconciliation of the standard rate of South African tax compared with that charged in the statement of profit or loss and other comprehensive income is set out below:	%	%	%	%
South African normal tax rate	28.0	28.0	28.0	28.0
Adjustment in respect of current income tax of previous years	1.4	(3.7)	–	(7.0)
Exempt income received	(1.2)	0.4	(1.6)	(4.4)
Expenditure and contingencies incurred which is not deductible	1.1	(8.3)	0.6	3.8
Contribution received for capital assets	–	(8.4)	–	17.4
Amortisation of liquidity fees paid on preference shares	0.7	(1.0)	–	–
Deferred tax asset not raised	9.3	9.5	–	–
Preference share dividends disallowable	52.1	(65.5)	–	–
Effective tax rate	91.4	(49.0)	27.0	37.8

The current rate of mining tax applicable to the company is 28%. Non-mining income is subject to a rate of 28%. Deferred tax is provided at the statutory rate of 28% for all temporary differences. Dividend withholding tax is levied at 20% for local shareholders, who are not companies.

Capital gains tax at an effective rate of 22.4% is payable on any gains realised on the disposal of investments or mining properties.

Tax rates have remained unchanged during the current year.

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 R232.5 million (2018: R172.7 million) has been raised relating to Eland Platinum Proprietary Limited and the US recycling operation.

39. Earnings/(loss) and dividend per share

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year under review. Headline earnings per share is based on the headline earnings/(loss) and is reconciled to profit/(loss) attributable to shareholders as follows:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Profit/(loss) attributable to shareholders	60 093	(704 998)		
(Profit)/loss on the sale of property, plant and equipment (refer note 36 and 37)	(6 635)	4 706		
Taxation impact	1 858	(1 318)		
Headline earnings/(loss)	55 316	(701 610)		

Fully diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year under review plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Fully diluted headline earnings/(loss) per share are based on the headline earnings/(loss) and the average number of potential diluted shares in issue.

Dividends per share (cents)	–	–	–	–

The weighted average number of ordinary shares in issue outside the group for the purpose of calculating the earnings/(loss) per share and the weighted average number of ordinary shares for diluted earnings per share are calculated as the number of shares in issue less the treasury shares held:

Weighted average number of ordinary shares in issue during the year	349 875 759	349 875 759
Fully diluted number of ordinary shares in issue	349 875 759	349 875 759
Number of shares in issue	509 781 212	509 781 212
Treasury shares in issue	159 905 453	159 905 453
Shares in issue adjusted for treasury shares	349 875 759	349 875 759
Earnings/(loss) per share (cents)	17.2	(201.5)
Fully diluted earnings/(loss) per share (cents)	17.2	(201.5)
Headline earnings/(loss) per share (cents)	15.8	(200.5)
Fully diluted headline earnings/(loss) per share (cents)	15.8	(200.5)

40. Cash generated from operations

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Profit/(loss) before taxation	701 947	(473 025)	995 339	229 236
Adjusted for non-cash items:				
(Profit)/loss on sale of property, plant and equipment	(6 635)	4 706	(6 745)	4 706
Depreciation and write-offs	487 267	441 865	166 210	152 041
Changes in long-term provisions	(23 401)	7 556	13 085	(2 505)
Changes in long-term receivables	16 312	(3 152)	(5 400)	(8 451)
Changes in short-term provisions	68 389	41 937	29 527	29 931
Share of earnings from associates	(11 153)	(4 162)	–	–
Preference share dividends	1 305 244	1 106 684	–	–
Amortisation of liquidity fees paid on preference shares	16 390	16 390	–	–
Loss on derecognition of preference share liability	–	8	–	–
Net foreign exchange difference	(10 411)	(2 368)	(11 098)	4 135
Amortisation of security of supply contribution	(29 314)	(7 792)	(17 343)	(4 323)
Other	(7 656)	(5 982)	(15 995)	(10 445)
Movement in share-based payment liability	90 221	(6 326)	53 755	(8 360)
Finance charges excluding preference share dividends	184 027	68 481	425 613	210 428
Investment revenue	(56 260)	(52 633)	(168 951)	(63 761)
	2 724 967	1 132 187	1 457 997	532 632

41. Change in working capital

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Inventories	(342 880)	(1 657 693)	(156 406)	(1 708 744)
Trade and other receivables	290 089	(383 513)	514 222	(512 773)
Trade and other payables	4 935	493 959	(303 121)	81 558
	(47 856)	(1 547 247)	54 695	(2 139 959)

42. Tax (paid)/refund received

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Balance owing at the beginning of the year	15 391	(64 177)	10 150	37 923
Amounts recognised in profit or loss	(47 606)	108 489	(34 500)	9 578
Balance owing at the end of the year	19 389	(15 391)	24 865	(10 150)
	(12 826)	28 921	515	37 351

43. Changes in liabilities arising from financing activities

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

	Opening balance 2019	Changes from financing cash inflows 2019	Changes from financing cash outflows 2019	Interest 2019	Other 2019	Closing balance 2019
Group	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Security of supply contribution	131 200	–	–	–	(29 314)	101 886
Heraeus Deutschland GmbH & Co. KG	75 403	–	(9 400)	6 458	–	72 461
Domestic medium-term notes	1 417 728	1 650 000	(1 479 001)	169 740	56 417	1 814 884
Preference share liability	9 445 500	–	–	1 340 717	(19 083)	10 767 134
Revolving credit facility	1 486 495	850 000	(412 063)	213 671	(910)	2 137 193

	Opening balance 2019	Changes from financing cash inflows 2019	Changes from financing cash outflows 2019	Interest 2019	Other 2019	Closing balance 2019
Company	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Security of supply contribution	64 669	–	–	–	(17 343)	47 326
Heraeus Deutschland GmbH & Co. KG	75 403	–	(9 400)	6 458	–	72 461
Domestic medium-term notes	1 417 728	1 650 000	(1 479 001)	169 740	56 417	1 814 884
Financial guarantee liability	7 535 944	–	–	–	–	7 535 944
Revolving credit facility	1 486 495	850 000	(412 063)	213 671	(910)	2 137 193

	Opening balance 2018	Changes from financing cash inflows 2018	Changes from financing cash outflows 2018	Interest 2018	Other 2018	Closing balance 2018
Group	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Security of supply contribution	38 922	100 000	–	–	(7 792)	131 200
Heraeus Deutschland GmbH & Co. KG	223 870	–	(9 400)	10 118	(149 185)	75 403
Domestic medium-term notes	421 081	1 000 000	(57 498)	68 263	(14 118)	1 417 728
Preference share liability	8 279 825	–	(1 677)	1 182 093	(14 741)	9 445 500
Revolving credit facility	(7 591)	2 000 000	(590 646)	110 868	(26 136)	1 486 495

	Opening balance 2018	Changes from financing cash inflows 2018	Changes from financing cash outflows 2018	Interest 2018	Other 2018	Closing balance 2018
Company	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Security of supply contribution	38 992	30 000	–	–	(4 323)	64 669
Heraeus Deutschland GmbH & Co. KG	223 870	–	(9 400)	10 118	(149 185)	75 403
Domestic medium-term notes	421 081	1 000 000	(57 498)	68 263	(14 118)	1 417 728
Financial guarantee liability	7 535 944	–	–	–	–	7 535 944
Revolving credit facility	(7 591)	2 000 000	(590 646)	110 868	(26 136)	1 486 495

44. Financial risk management objectives and policies

The group's activities are exposed to a variety of financial risks, market risk (including currency risk, interest rate risk and price risks), credit risk and liquidity risks. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Financial risk management is carried out by the finance department. Policies are approved by the board of directors, which sets guidelines to identify, evaluate and manage financial risks in cooperation with the operating units.

The group's principal financial liabilities comprise loans and borrowings, including preference shares, trade and other payables, and a financial guarantee contract (in the case of company only). The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group has various financial assets such as trade receivables, investments, long-term receivables and cash and cash equivalents, which arise directly from its operations.

The group may enter into derivative transactions, being forward currency contracts or metal hedging contracts. The purpose is to manage the currency risks arising from the group's operations and its sources of finance. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk, foreign currency risk, commodity price risk and other price risk, such as equity risk.

Foreign currency risk

The group operates on international commodity markets and is therefore exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risks arises from future commercial transactions and are recognised both in financial assets and liabilities. To manage foreign exchange risks arising from future commercial transactions, the group, from time to time, may use forward exchange contracts within board-approval limits.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The group has transactional currency exposures. Such exposure arises from sales in currencies other than the functional currency. The majority of the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst most of the costs are denominated in the functional currency, the South African rand.

The following table demonstrates the sensitivity to a possible change in exchange rates with all other variables held constant, of the group's profit before tax due to changes in the fair value of monetary assets and liabilities, with a debit to profit or loss being disclosed in brackets.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
ZAR weakening by 10% to the USD	26 178	23 694	28 506	23 652
ZAR strengthening by 10% to the USD	(26 178)	(23 694)	(28 506)	(23 652)
ZAR weakening by 10% to the €	(3 562)	(5 389)	(1 995)	(2 364)
ZAR strengthening by 10% to the €	3 562	5 389	1 995	2 364
At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:				
Accounts receivable: USD	2 728	17 220	2 724	17 220
Cash and cash equivalents: USD	22 387	40	22 350	10
Accounts payable: €	(2 225)	(3 360)	(1 246)	(1 474)
Accounts payable: USD	(6 523)	–	(4 828)	–
Accounts payable: CHF	(2)	–	(2)	–
Exchange rates at year end				
ZAR/USD	14.08	13.73	14.08	13.73
ZAR/€	16.01	16.04	16.01	16.04

Commodity price risk

The group is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges. PGMs are sold to third party clients, with prices being fixed based on contractual terms relating to the month in which the product was sold. Trade receivables relating to PGM debtors settle the outstanding receivable balance between 2 – 5 days.

For nickel, copper and chrome receivables, there is a commodity price risk that is retained. The following is an indication of the effect that changes in the nickel, copper and chrome prices would have on the profit before tax, based on the outstanding accounts receivable balance at year end:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
Weakening by 10% of the respective commodity prices	18 220	21 510	9 814	15 351
Strengthening by 10% of the respective commodity prices	(18 220)	(21 510)	(9 814)	(15 351)
At year end the balances outstanding relating to provisional priced receivables amounted to:				
Nickel receivable	55 339	75 777	55 339	75 777
Copper receivable	–	2 668	–	2 668
Chrome receivable	153 065	139 425	59 857	75 062
Chrome payable	(26 206)	(2 773)	(17 055)	–

The group did not enter into any commodity hedging contracts during the year under review.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities with banks and financial institutions. The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the group, which comprise cash and cash equivalents, investments and loans, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans. The group has policies that limit the amount of credit exposure related to cash and cash equivalents to any single financial institution by only dealing with well-established financial institutions of high credit quality standing. The credit exposure to any one of the counterparties is managed by setting exposure limits which are approved by the board.

With regard to trade and other receivables, the group has policies in place to ensure that sales are only made to customers with an appropriate credit history. Trade debtors comprise a number of customers, dispersed across different geographical areas. Credit evaluations are performed on the financial conditions of these and other receivables from time to time. Trade receivables are presented in the statement of financial position net of any provision for impairment.

Credit risk relating to loans mainly consists of employee housing loans (refer note 9). These loans are secured by a second bond over residential properties. The maximum credit risk (before taking into account any collateral held) relating to the long-term receivables amount to R96.6 million (2018: R96.4 million).

The maximum credit risk relating to the financial guarantee liability amounts to R23.9 billion (2018: R23.5 billion) (refer note 23).

Subsequent to year-end, the prevailing South African prime interest rate changed and the maximum exposure with regards to the financial guarantee liability will now amount to R23.6 billion at the end of the 10-year lock-in period, which is May 2025.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. The group's exposure to risk of changes in market interest rates relates primarily to the group's cash balances, preference shares, revolving credit facility, general banking facilities and domestic medium-term debt notes with floating interest rates.

As part of the process of managing the group's interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents). There is no impact on the group's equity.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
Cash and cash equivalents				
Increase of 1%	9 503	2 932	8 536	1 857
Decrease of 1%	(9 503)	(2 932)	(8 536)	(1 857)
Floating rate borrowings (including domestic medium-term notes and revolving credit facility)				
Increase of 1%	(39 521)	(29 250)	(39 521)	(29 250)
Decrease of 1%	39 521	29 250	39 521	29 250
Preference share liability				
Increase of 1%	(107 671)	(98 187)	–	–
Decrease of 1%	107 671	98 187	–	–

The group monitors its exposure to fluctuating interest rates. Cash and cash equivalents are invested with short-term maturity dates, which exposes the group to cash flow interest rate risks.

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.

With regards to financial instruments, the carrying amount of financial assets and financial liabilities approximate their fair value with the exception of the following:

	Carrying amount 2019 R000	Fair value 2019 R000	Carrying amount 2018 R000	Fair value 2018 R000
Financial guarantee (company results)	(7 535 944)	(2 073 946)	(7 535 944)	(3 693 070)
Preference share liability (group results)	(10 767 134)	(11 286 411)	(9 445 500)	(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 financial guarantee has been determined as level 3.

Measuring the guarantee contract liability required the use of estimates, at the grant date, which included a dividend yield rate of 0.30%, a 30.0% volatility and a risk free rate of 8.42%. These assumptions have not changed.

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 year-end:

	2019	2018
Closing market value of Zambezi Platinum (RF) Limited preference shares trading as preference share code: ZPLP	R72.50	R59.00
Value of Zambezi Platinum (RF) Limited preference shares	R69.79	R61.40
Number of Zambezi Platinum (RF) Limited preference shares held in the open market	155 674 634	155 674 634
Number of Zambezi Platinum (RF) Limited preference shares held by Northam Platinum Limited	4 230 819	4 230 819
Total number of Zambezi Platinum (RF) Limited preference shares listed under share code ZPLP	159 905 453	159 905 453

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The group has undrawn general banking facilities (which includes both the revolving credit facility and the general banking facility) of R1.9 billion, of which R500.0 million was drawn on the general banking facility subsequent to year end (2018: R1.5 billion of undrawn facilities).

The group’s treasury operations are managed by a reputable treasury management institution.

They assist the group in monitoring its risk to a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the group.

The group has the following secured loans at the financial reporting date:

Revolving credit facility (RCF)

During the previous financial year, an additional R1.0 billion facility was negotiated for a period of 24 months effective 18 April 2018. During the current year, the facility was increased by a further R500.0 million, from R3.0 billion to R3.5 billion. Both of Northam's existing R1.0 billion and R2.0 billion revolving credit facilities, as well as the R500.0 million increase, have been combined into a single R3.5 billion revolving credit facility maturing on 29 November 2021.

The new facility strengthens Northam's balance sheet capability in support of the group's key strategic initiatives, including the development of the Booysendal expansion projects. Together with existing cash reserves, the new facility provides Northam with increased financial flexibility, ensuring that the group's growth initiatives remain fully funded in the medium term.

Under the revolving credit facility, Northam, without the prior written approval of Nedbank Limited, may not create or permit any security over any of its assets or enter into any financial indebtedness.

As at 30 June 2019, R2.15 billion was drawn from this facility (2018: R1.5 billion), with R200.0 million repaid subsequent to year end. Please refer to note 27.

General banking facility (GBF)

During the year under review the group secured a new General Banking Facility (GBF), e.g. overdraft facility, of R510.0 million, of which R10.0 million relates to an existing foreign exchange facility being consolidated into the new R500.0 million GBF agreement. The GBF accrues interest at the South African prime interest rate less 1.5%, and is payable on demand with a 90 day notice period.

Subsequent to year-end the full R500.0 million GBF was drawn down on. Refer to note 17.

Changes to the terms and conditions of the RCF and GBF subsequent to year-end

Subsequent to 30 June 2019, Northam refinanced its R3.5 billion 5 year RCF on more favourable terms, extending the maturity date from November 2021 to August 2024. The interest rate on the previous RCF was JIBAR plus 3.3% whereas the interest rate on the new R3.5 billion 5 year RCF is calculated as JIBAR plus 2.1%, plus a utilisation fee of between 0.1% and 0.5% per annum, depending on the amount of the RCF drawdown. The effective interest rate on the new RCF therefore ranges between JIBAR plus 2.2% and JIBAR plus 2.6%, depending on the amount of the RCF drawdown. In addition, the interest rate on the GBF was reduced from prime less 1.5% to prime less 1.75%. The interest rate on the new RCF and GBF will further reduce the weighted average cost of debt funding.

Domestic medium-term note (DMTN) programme

On 13 May 2016, Northam issued R175.0 million's worth of five-year senior unsecured fixed rate notes (NHM002) under the DMTN programme. The notes bear a fixed coupon of 13.50% per annum, payable semi-annually, and will be redeemed on 12 May 2021.

The Industrial Development Corporation of South Africa Limited subscribed for R250.0 million, three-year senior unsecured floating rate notes (NHM003) under the DMTN programme on 10 June 2016. The notes attracted a floating coupon rate of 3-month JIBAR plus 390 basis points and matured on 9 June 2019. The proceeds were applied for the development of the Booysendal expansion project.

During the previous financial year, Northam issued NHM004 (20 April 2018) of R450.0 million and NHM005 (18 May 2018)) of R550.0 million, one-year senior unsecured fixed rate notes. The notes bear a fixed coupon of 11.0% per annum, payable on the redemption date which was 19 April 2019 and 17 May 2019 respectively. Both the capital and interest was settled in full during the current year.

On 16 April 2019, Northam issued R250.0 million's worth of two-year senior unsecured floating rate notes (NHM006). The notes attract a floating coupon rate of 3-month JIBAR plus 325 basis points, which is payable on a quarterly basis from issued date every year for a two-year period, and will be redeemed on 16 April 2021.

During the current financial year Northam issued, various three-year senior unsecured floating rate notes (NHM007, NHM009, NHM011 and NHM012) under the DMTN programme on 16 April 2019 (NHM007), 26 April 2019 (NHM009), 24 May 2019 (NHM011) and 13 June 2019 (NHM012). The notes attract a floating coupon rate of 3-month JIBAR plus 375 basis points, which is payable on a quarterly basis from issued date every year for a three-year period. These notes mature on 16 April 2022 (NHM007), 26 April 2022 (NHM009), 24 May 2022 (NHM011) and 13 June 2022 (NHM012). The total value of these DMTNs amount to R1.15 billion.

In addition to the above Northam issued the following during the current financial year; NHM008 (26 April 2019) and NHM010 (24 May 2019), one-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 240 basis points, which is payable on a quarterly basis from issued for a one-year period. These notes mature on 26 April 2020 (NHM008) and 24 May 2020 (NHM009). The funds were used for general corporate purposes. The value of these DMTNs amount to R250.0 million.

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

Changes to the DMTN Programme subsequent to year-end

The board has approved an increase in the R2.0 billion DMTN Programme from R2.0 billion to R5.0 billion. This increase will facilitate a future refinance of existing DMTNs in issue, by way of a placement of new DTMNs (increasing the total in issue above R2.0 billion) and an immediate subsequent settlement of maturing DMTNs.

Zambezi Platinum (RF) Limited preference share liability

Zambezi Platinum (RF) Limited issued 159 905 453 preference shares at R41 per share on 18 May 2015 in terms of the BEE transaction. These preference shares are repayable in 10 years' time, and accrue cumulative variable dividends at 3.5% over the prime overdraft rate in South Africa.

Management regularly monitors rolling forecasts of the liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

The maturity profile of the group's financial liabilities for the year ended 30 June 2019 is set out below, into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date representing the undiscounted contractual cash flows:

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	2019	2019	2019	2019	2019
Group	**R000**	**R000**	**R000**	**R000**	**R000**
Trade payables	917 243	–	–	–	917 243
Provisional pricing payables	–	5 115	–	–	5 115
Accruals	–	408 785	–	–	408 785
Capital accruals	–	52 232	–	–	52 232
Accrued interest and commitment fees	–	38 899	–	–	38 899
Employee-related accruals	–	375 197	–	–	375 197
Other	–	22 625	–	62 432	85 057
Long-term loans	–	–	9 400	141 000	150 400
Domestic medium-term notes	–	–	250 000	1 575 000	1 825 000
Preference share liability*	–	–	–	23 882 871	23 882 871
Revolving credit facility	–	–	–	2 150 000	2 150 000

** The undiscounted cash flows relating to the preference share liability is also the maximum exposure to credit risk regarding the guarantee issued by Northam company.*

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	2019	2019	2019	2019	2019
Company	**R000**	**R000**	**R000**	**R000**	**R000**
Trade payables	382 206	–	–	–	382 206
Provisional pricing payables	–	130	–	–	130
Accruals	–	294 740	–	–	294 740
Capital accruals	–	13 241	–	–	13 241
Accrued interest and commitment fees	–	38 899	–	–	38 899
Employee related accruals	–	284 291	–	–	284 291
Other	–	5 965	–	–	5 963
Long-term loans	–	–	9 400	141 000	150 400
Domestic medium-term notes	–	–	250 000	1 575 000	1 825 000
Financial guarantee liability*	–	–	–	23 882 871	23 882 871
Revolving credit facility	–	–	–	2 150 000	2 150 000

** The undiscounted cash flows relating to the preference share liability is also the maximum exposure to credit risk regarding the guarantee issued by Northam company.*

The maturity profile of the group's financial liabilities for the year ended 30 June 2018 is set out below, into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date representing the undiscounted contractual cash flows:

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	2018	2018	2018	2018	2018
Group	**R000**	**R000**	**R000**	**R000**	**R000**
Trade payables	590 045	–	–	–	590 045
Provisional pricing payables	–	30 740	–	–	30 740
Accruals	–	875 656	–	–	875 656
Capital accruals	–	84 978	–	–	84 978
Accrued interest and commitment fees	–	52 684	–	–	52 684
Employee-related accruals	–	248 645	–	–	248 645
Other	60 704	6 603	–	–	67 307
Long-term loans	–	–	9 400	150 400	159 800
Domestic medium-term notes	–	–	1 250 000	175 000	1 425 000
Preference share liability*	–	–	–	23 541 674	23 541 674
Revolving credit facility	–	–	–	1 500 000	1 500 000

** The undiscounted cash flows relating to the preference share liability is also the maximum exposure to credit risk regarding the guarantee issued by Northam company.*

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	2018	2018	2018	2018	2018
Company	**R000**	**R000**	**R000**	**R000**	**R000**
Trade payables	246 042	–	–	–	246 042
Provisional pricing payables	–	18 220	–	–	18 220
Accruals	–	833 437	–	–	833 437
Capital accruals	–	15 577	–	–	15 577
Accrued interest and commitment fees	–	52 684	–	–	52 684
Employee related accruals	–	196 401	–	–	196 401
Other	–	6 603	–	–	6 603
Long-term loans	–	–	9 400	150 400	159 800
Domestic medium-term notes	–	–	1 250 000	175 000	1 425 000
Financial guarantee liability*	–	–	–	23 541 674	23 541 674
Revolving credit facility	–	–	–	1 500 000	1 500 000

** The undiscounted cash flows relating to the preference share liability is also the maximum exposure to credit risk regarding the guarantee issued by Northam company.*

Capital management (including equity risk)

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In addition, capital management objectives include the group's ability to continue as a going concern, in order to provide returns for shareholders and benefits to other stakeholders while maintaining an optimal capital structure to reduce the cost of capital.

The group manages its capital structure (which consists of equity) and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

It is important to note that the groups BEE partner, Zambezi Platinum (RF) Limited, own 31.4% of the issued capital of Northam Platinum Limited. Zambezi Platinum (RF) Limited's prospects are however limited in nature in that they are dependent on the prospects of the Northam Platinum Limited share price and the returns attributable to the preference shares are constant and fluctuate only in accordance with prevailing interest rates. Various characteristics of the preference shares, such as the Northam guarantee and redemption payment structure, provide the holders of the Zambezi preference shares with additional security regarding the recoverability of their dividends and capital.

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

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

The redemption of the preference shares is planned to occur through cash accumulation from dividends received from Northam Platinum Limited, and after the lock-in the possible sell-off of Northam Platinum Limited shares into the market to realise the capital value, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured by the company in terms of a financial guarantee (Northam guarantee).

Should a liability arise under the Northam guarantee, Northam Platinum Limited may settle this liability by capitalising Zambezi Platinum (RF) Limited with cash and/or Northam Platinum Limited shares before the redemption amount becomes due or making payment directly to the preference shareholders. The manner of settlement is not contractually specified and is at the discretion of Northam Platinum Limited.

Therefore, should the Northam Platinum Limited share price not increase in value over the next 10 years there could be a significant dilution in value for all Northam Platinum Limited shareholders, should additional shares be issued to the preference shareholders.

No changes were made in the objectives, policies or processes during the year under review.

Categories of financial instruments

The following table summarises the classification of financial instruments for the group and company for the year ended 30 June 2019:

Group	Fair value through profit or loss 2019 R000	Financial assets at amortised cost 2019 R000	Financial liabilities at amortised cost 2019 R000	Non- financial instruments 2019 R000	Total 2019 R000
Long-term receivables	–	85 536	–	–	85 536
Investment in the Northam Platinum Restoration Trust Fund	120 080	–	–	–	120 080
Environmental Guarantee Investment	42 043	–	–	–	42 043
Buttonshope Conservancy Trust	13 218	–	–	–	13 218
Trade and other receivables	374 238	108 445	–	139 255	621 938
Cash and cash equivalents	–	950 315	–	–	950 315
Long-term loans	–	–	(140 510)	–	(140 510)
Domestic medium-term notes	–	–	(1 814 884)	–	(1 814 884)
Preference share liability	–	–	(10 767 134)	–	(10 767 134)
Revolving credit facility	–	–	(2 137 193)	–	(2 137 193)
Current portion of long-term loans	–	–	(33 837)	–	(33 837)
Trade and other payables	–	–	(1 882 528)	(48 645)	(1 931 173)
Provisional pricing derivatives	(26 206)	–	–	–	(26 206)

Company	Fair value through other comprehensive income 2019 R000	Fair value through profit or loss 2019 R000	Financial assets at amortised cost 2019 R000	Financial liabilities at amortised cost 2019 R000	Non-financial instruments 2019 R000	Total 2019 R000
Other investments	306 734	–	–	–	–	306 734
Long-term receivables	–	–	13 851	–	–	13 851
Investment in the Northam Platinum Restoration Trust Fund	–	60 040	–	–	–	60 040
Environmental Guarantee Investment	–	27 037	–	–	–	27 037
Subsidiary loans receivable	–	–	1 110 337	–	–	1 110 337
Trade and other receivables	–	281 030	68 000	–	131 649	480 679
Cash and cash equivalents	–	–	853 642	–	–	853 642
Long-term loans	–	–	–	(96 067)	–	(96 067)
Financial guarantee liability	–	–	–	(7 535 944)	–	(7 535 944)
Domestic medium-term notes	–	–	–	(1 814 884)	–	(1 814 884)
Revolving credit facility	–	–	–	(2 137 193)	–	(2 137 193)
Current portion of long-term loans	–	–	–	(23 720)	–	(23 720)
Trade and other payables	–	–	–	(1 019 472)	(13 196)	(1 032 668)
Provisional pricing derivatives	–	(17 055)	–	–	–	(17 055)

Categories of financial instruments

The following table summarises the classification of financial instruments for the group and company for the year ended 30 June 2018:

Group	Available for sale investment 2018 R000	Loans and receivables 2018 R000	Financial liabilities at amortised cost 2018 R000	Non- financial instruments 2018 R000	Total 2018 R000
Long-term receivables	–	86 897	–	–	86 897
Investment in the Northam Platinum Restoration Trust Fund	–	110 626	–	–	110 626
Environmental Guarantee Investment	–	68 899	–	–	68 899
Buttonshope Conservancy Trust	–	12 203	–	–	12 203
Trade and other receivables	–	637 455	–	286 630	924 085
Cash and cash equivalents	–	388 702	–	–	388 702
Long-term loans	–	–	(182 063)	–	(182 063)
Domestic medium-term notes	–	–	(1 417 728)	–	(1 417 728)
Preference share liability	–	–	(9 445 500)	–	(9 445 500)
Revolving credit facility	–	–	(1 486 495)	–	(1 486 495)
Current portion of long-term loans	–	–	(24 540)	–	(24 540)
Trade and other payables	–	(1 947 282)	–	(15 920)	(1 963 202)
Provisional pricing derivatives	–	(2 773)	–	–	(2 773)
Bank overdraft	–	(95 535)	–	–	(95 535)

Company	Available for sale investment 2018 R000	Loans and receivables 2018 R000	Financial liabilities at amortised cost 2018 R000	Non- financial instruments 2018 R000	Total 2018 R000
Other investments	249 618	–	–	–	249 618
Long-term receivables	–	8 451	–	–	8 451
Investment in the Northam Platinum Restoration Trust Fund	–	55 333	–	–	55 333
Environmental Guarantee Investment	–	55 633	–	–	55 633
Subsidiary loans receivable	–	99 225	–	–	99 225
Trade and other receivables	–	765 391	–	228 012	993 403
Cash and cash equivalents	–	280 916	–	–	280 916
Long-term loans	–	–	(123 176)	–	(123 176)
Financial guarantee liability	–	–	(7 535 944)	–	(7 535 944)
Domestic medium-term notes	–	–	(1 417 728)	–	(1 417 728)
Revolving credit facility	–	–	(1 486 495)	–	(1 486 495)
Current portion of long-term loans	–	–	(16 896)	–	(16 896)
Trade and other payables	–	–	(1 368 964)	–	(1 368 964)
Provisional pricing derivatives	–	–	–	–	–
Bank overdraft	–	–	(95 228)	–	(95 228)

45. 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 various subsidiaries and trusts included in the group:

	Effective holding	Stated capital and premium	Investment	Indebtedness
	2019	2019	2019	2019
Company	%	R000	R000	R000
Mining Technical Services Proprietary Limited	100.0	**	*	8 669
Booysendal Platinum Proprietary Limited	100.0	8 675 932	11 886 088	546 469
Eland Platinum Proprietary Limited	100.0	325 000	325 000	470 598
Mvelaphanda Resources Proprietary Limited	100.0	4 358	–	–
Norplats Properties Proprietary Limited	100.0	**	*	57 148
Northam Platinum Investments (US) Incorporated	100.0	–	142 119	370
Northam Recovery Services LLC	Indirect holding	–	–	22 565
Northam Property Company LLC	Indirect holding	–	–	4 518
Zambezi Platinum (RF) Limited	N/A	–	***	–
Northam Zondereinde Community Trust	–	–	–	–
Northam Booysendal Community Trust	–	–	–	–
Northam Employee Trust	–	–	–	–
Buttonshope Conservancy Trust	–	–	–	–
Northam Restoration Trust Fund	–	–	–	–
			12 353 207	1 110 337

****Investment held in Zambezi Platinum (RF) Limited preference shares (refer note 7)*
***Issued capital is less than R1 000*
**Investment less than R1 000*

	Effective holding	Stated capital and premium	Investment	Indebtedness
	2018	2018	2018	2018
Company	%	R000	R000	R000
Mining Technical Services Proprietary Limited	100.0	**	*	22 909
Booysendal Platinum Proprietary Limited	100.0	8 675 932	11 886 088	–
Eland Platinum Proprietary Limited	100.0	325 000	325 000	–
Mvelaphanda Resources Proprietary Limited	100.0	4 358	–	–
Norplats Properties Proprietary Limited	100.0	**	*	66 596
Northam Platinum Investments (US) Incorporated	100.0	–	140 747	1 667
Northam Recovery Services LLC	Indirect holding	–	–	6 780
Northam Property Company LLC	Indirect holding	–	–	1 273
Zambezi Platinum (RF) Limited	N/A	–	***	–
Northam Zondereinde Community Trust	–	–	–	–
Northam Booysendal Community Trust	–	–	–	–
Northam Employee Trust	–	–	–	–
Buttonshope Conservancy Trust	–	–	–	–
Northam Restoration Trust Fund	–	–	–	–
			12 351 835	99 225

****Investment held in Zambezi Platinum (RF) Limited preference shares (refer note 7)*
***Issued capital is less than R1 000*
**Investment less than R1 000*

Below is a summary of the various transactions and other balances outstanding from group companies, which was eliminated on consolidation:

Company	Interest and dividends received (refer note 34) 2019 R000	Concentrate purchased 2019 R000	Operating as well as sundry costs 2019 R000	Trade and other receivables 2019 R000	Trade and other payables 2019 R000
Mining Technical Services Proprietary Limited	–	–	(65 373)	–	–
Booysendal Platinum Proprietary Limited	74 978	(3 543 944)	–	–	–
Eland Platinum Proprietary Limited	19 591	–	–	–	–
Norplats Properties Proprietary Limited	–	–	–	–	–
Northam Platinum Investments (US) Incorporated	47	–	–	–	–
Northam Recovery Services LLC	3 064	(56 880)	–	–	–
Northam Property Company LLC	432	–	–	–	–
Zambezi Platinum (RF) Limited (refer note 37)	–	–	(2 061)	–	–
Northam Zondereinde Community Trust	–	–	–	–	–
Northam Booysendal Community Trust	–	–	–	–	–
Northam Employee Trust (refer note 37)	–	–	(1 000)	–	–

Company	Interest and dividends received 2018 R000	Concentrate purchased 2018 R000	Operating as well as sundry costs 2018 R000	Trade and other receivables 2018 R000	Trade and other payables 2018 R000
Mining Technical Services Proprietary Limited	–	–	(25 460)	–	–
Booysendal Platinum Proprietary Limited	–	(2 625 586)	–	213 478	–
Eland Platinum Proprietary Limited	–	–	–	33 450	–
Norplats Properties Proprietary Limited	–	–	–	–	–
Northam Platinum Investments (US) Incorporated	–	–	–	–	–
Northam Recovery Services LLC	–	–	–	–	–
Northam Property Company LLC	–	–	–	–	–
Zambezi Platinum (RF) Limited	–	–	(1 655)	–	–
Northam Zondereinde Community Trust	–	–	–	–	–
Northam Booysendal Community Trust	–	–	–	–	–
Northam Employee Trust	–	–	(1 000)	–	–

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.

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, subordination agreements and letters of support

Northam Platinum Limited currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2018: R3.0 billion) and a general banking facility of R500.0 million with Nedbank Limited, and has issued R1.8 billion (2018: 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 these facilities and Eland Platinum Proprietary Limited has signed a letter of guarantee concerning the revolving credit facility and the general banking facility.

Zambezi Platinum (RF) Limited consolidated in the Northam group

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.

For purposes of ensuring that Zambezi Platinum (RF) Limited does not incur any liabilities or indebtedness, other than pursuant to the transaction agreements, and that it remains ring fenced, Zambezi Platinum (RF) Limited and Northam Platinum Limited entered into an administration services agreement in terms of which Zambezi Platinum (RF) Limited has appointed Northam Platinum Limited to attend to the day-to-day management of Zambezi Platinum (RF) Limited's business and the administration of Zambezi Platinum (RF) Limited's affairs at Northam Platinum Limited's sole cost and expense and with no recourse to Zambezi Platinum (RF) Limited subject to maximum costs and expenses of up to R2.0 million per annum, escalating annually at CPI from the 1st (first) anniversary of the implementation date. During the current financial year expenses to the value of R2.1 million (2018: R1.7 million) were incurred.

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 are 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.

Other related party transactions

The group has a 30% interest in SSG Holdings Proprietary Limited, a company providing security and facility services to the group. Below is a summary of transactions between the group and SSG Holdings Proprietary Limited:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
Security and facilities services provided by SSG Holdings Proprietary Limited to the group during the year accounted for as part of operating costs	92 715	70 472	40 226	29 939
Management fees received from associate (SSG Holdings Proprietary Limited) (refer note 36)	2 160	4 698	–	–
Amounts payable to SSG Holdings Proprietary Limited included as part of trade payables	17 168	10 073	6 706	3 763

SMS Mining Holdings Proprietary Limited is a company who provides secondary support work, including the supply and application of shotcrete and anchor installation to the group. Messrs. KB Mosehla, Northam Platinum Limited chairman, GS Mseleku and PL Zim, who are Zambezi Platinum (RF) Limited shareholders each hold a 10% indirect interest in SMS Mining Holdings Proprietary Limited. Below is a summary of transactions between the group and SMS Mining Holdings Proprietary Limited:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R000	**R000**	**R000**	**R000**
Services provided by SMS Mining Holdings Proprietary Limited to the group during the year accounted for as part of operating costs	33 637	2 792	–	32
Amounts payable to SMS Mining Holdings Proprietary Limited included as part of trade payables	6 695	2 599	–	–

Key management remuneration

The table below summarises the executive as well as the non-executive directors' remuneration for the year under review:

	Fees	Remuneration package	Performance bonus and retention bonus payments	Benefits and other	Gain on share-based payments	Total
	2019	2019	2019	2019	2019	2019
	R000	R000	R000	R000	R000	R000
Executive						
PA Dunne	–	8 676	8 998	–	6 515	24 189
AZ Khumalo*	–	1 387	1 685	11 512	10 688	25 272
AH Coetzee*	–	2 789	1 653	–	1 858	6 300
Non-executive						
KB Mosehla	660	–	–	–	–	660
R Havenstein	958	–	–	–	–	958
DH Brown	608	–	–	–	–	608
CK Chabedi	717	–	–	–	–	717
HH Hickey	578	–	–	–	–	578
NY Jekwa	449	–	–	–	–	449
MH Jonas***	219	–	–	–	–	219
TE Kgosi	803	–	–	–	–	803
TI Mvusi	329	–	–	–	–	329
JJ Nel**	232	–	–	–	–	232
JG Smithies	437	–	–	–	–	437
	5 990	12 852	12 336	11 512	19 061	61 751

** 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*

***Mr JJ Nel was appointed as an independent non-executive director on 6 November 2018 and as a member of the audit and risk committee*

****Mr MH Jonas was appointed as an independent non-executive director on 6 November 2018*

Also see the remuneration report included in the Annual Integrated Report for further details on the remuneration accrued and paid to executive directors.

The directors' remuneration for the year ended 30 June 2018 was as follows:

	Fees	Remuneration package	Performance bonus and retention bonus payments	Benefits	Gain on share-based payments	Total
	2018	2018	2018	2018	2018	2018
	R000	R000	R000	R000	R000	R000
Executive						
PA Dunne	–	8 000	7 868	1 000	7 839	24 707
AZ Khumalo	–	3 830	3 816	518	4 178	12 342
Non-executive						
KB Mosehla	518	–	–	–	–	518
R Havenstein	803	–	–	–	–	803
DH Brown	367	–	–	–	–	367
CK Chabedi	591	–	–	–	–	591
HH Hickey	496	–	–	–	–	496
NY Jekwa	263	–	–	–	–	263
TE Kgosi	676	–	–	–	–	676
TI Mvusi	307	–	–	–	–	307
JG Smithies	372	–	–	–	–	372
PL Zim	159	–	–	–	–	159
	4 552	11 830	11 684	1 518	12 017	41 601

No individuals other than executive directors are considered to be prescribed officers. Details of the non-executive fees are disclosed in the directors' report.

Details of share options granted to directors

During the previous financial year, all options expired and there are therefore no further open share options granted to directors as at 30 June 2019.

Details of share incentives granted to directors

Below is an analysis of share incentives held as at 30 June 2019:

	4 Nov 2014 Share award	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	Total
Retention shares and performance shares						
PA Dunne						
Balance at 1 July 2018	–	193 200	170 100	183 200	–	546 500
Retention shares awarded during the year	–	–	–	–	46 100	46 100
Performance shares awarded during the year	–	–	–	–	138 400	138 400
Shares adjusted for performance conditions met during the year	–	(34 413)	–	–	–	(34 413)
Shares cash settled during the year	–	(158 787)		–	–	(158 787)
Balance at 30 June 2019	–	–	170 100	183 200	184 500	537 800
Balance at 1 July 2017	150 300	193 200	170 100	–	–	513 600
Retention shares awarded during the year	–	–	–	46 200	–	46 200
Performance shares awarded during the year	–	–	–	137 000	–	137 000
Shares adjusted for performance conditions met during the year	(702)	–	–	–	–	(702)
Shares cash settled during the year	(149 598)	–	–	–	–	(149 598)
Balance at 30 June 2018	–	193 200	170 100	183 200	–	546 500

	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	Total
Retention shares and performance shares					
AH Coetzee					
Balance at 1 July 2018	55 100	36 300	41 300	–	132 700
Retention shares awarded during the year	–	–	–	19 800	19 800
Performance shares awarded during the year	–	–	–	59 300	59 300
Shares adjusted for performance conditions met during the year	(9 812)	–	–	–	(9 812)
Shares cash settled during the year	(45 288)	–	–	–	(45 288)
Balance at 30 June 2019	–	36 300	41 300	79 100	156 700
Balance at 1 July 2017	55 100	36 300	–	–	91 400
Retention shares awarded during the year	–	–	10 400	–	10 400
Performance shares awarded during the year	–	–	30 900	–	30 900
Balance at 30 June 2018	55 100	36 300	41 300	–	132 700

Below is an analysis of share incentives held as at 30 June 2019:

	4 Nov 2014 Share award	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	Total
Retention shares and performance shares					
AZ Khumalo					
Balance at 1 July 2018	–	96 600	82 900	87 700	267 200
Shares cash settled during the year*	–	(96 600)	(82 900)	(87 700)	(267 200)
Balance at 30 June 2019	–	–	–	–	–
Balance at 1 July 2017	150 300	193 200	82 900	–	426 400
Retention shares awarded during the year	–	–	–	22 100	22 100
Performance shares awarded during the year	–	–	–	65 600	65 600
Shares adjusted for performance conditions	(75 620)	(96 600)	–	–	(172 220)
Shares cash settled during the year	(74 680)	–	–	–	(74 680)
Balance at 30 June 2018	–	96 600	82 900	87 700	267 200

** In accordance with the Share Incentive Plan rules, the 267 200 unvested performance and retention shares held by AZ Khumalo vested, as a result of his no fault termination. A share price of R40.00 per share was used in the calculation to determine the pay-out.*

Details of lock-in and incentive mechanism (LIM) shares granted to directors

Summary of the LIM shares held by executive directors at 30 June 2019 are as follows:

	PA Dunne	AZ Khumalo*
Balance at 1 July 2018	1 500 000	700 000
Shares lapsed during the year	–	(700 000)
Balance at 30 June 2019	1 500 000	–

** AZ Khumalo's 700 000 shares relating to the LIM lapsed, due to him leaving the employment of the group before the vesting date (May 2025), and therefore no benefits accrued to him.*

Also refer to the remuneration report included in the Annual Integrated Report for further details on key management remuneration.

46. Commitments

At year end, the group and company had the following commitments arising in the ordinary course of business:

	Group		Company	
	2019	2018	2019	2018
	R000	R000	R000	R000
Capital expenditure – Booysendal mine				
Authorised but not contracted	221 918	981 666	–	–
Contracted	1 038 082	318 334	–	–
	1 260 000	1 300 000	–	–
Capital expenditure – Zondereinde mine				
Authorised but not contracted	492 341	430 424	492 341	577 690
Contracted	102 659	119 576	102 659	119 576
	595 000	550 000	595 000	697 266
Capital expenditure – Eland mine				
Authorised but not contracted	309 836	200 000	–	–
Contracted	90 164	–	–	–
	400 000	200 000	–	–
Information Technology – outsource service provider				
Due within one year	8 241	18 370	3 114	6 317
Due within two to five years	1 949	–	704	–
	10 190	18 370	3 818	6 317
Operating lease rentals – office equipment				
Due within one year	2 806	3 884	1 689	2 276
Due within two to five years	1 130	3 939	661	2 370
	3 936	7 823	2 350	4 646
Operating lease rentals – premises as lessee				
Due within one year	17 655	12 790	2 967	2 746
Due within two to five years	42 516	39 505	1 014	3 982
	60 171	52 295	3 981	6 728
The lease rental for the corporate office contains an option to renew the lease for an additional five years				
Bank guarantees				
Eskom Holdings SOC Limited	89 706	73 895	48 505	48 505
Other	398	398	398	398
	90 104	74 293	48 903	48 903
Guarantees - Department of Mineral Resources (refer note 11)	401 418	401 418	142 350	142 350

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

47. Employee Labour Court judgement

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 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 seek reinstatement and have been granted leave to appeal to the Labour Appeal Court. The matter has yet to be set down for hearing in the Labour Appeal 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.

48. Events after the reporting period

There has been no events subsequent to the year-end, which require additional disclosure or adjustment to these financial results, other than what was disclosed in these financial statements.

ADMINISTRATION AND CONTACT INFORMATION

Northam Platinum Limited
Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI
Bond code: NHM002
Bond ISIN: ZAG000129024
Bond code: NHM006
Bond ISIN: ZAG000158577
Bond code: NHM007
Bond ISIN: ZAG000158593
Bond code: NHM008
Bond ISIN: ZAG000158858
Bond code: NHM009
Bond ISIN: ZAG000158866
Bond code: NHM010
Bond ISIN: ZAG000159229
Bond code: NHM011
Bond ISIN: ZAG000159237
Bond code: NHM012
Bond ISIN: ZAG000160136

Registered office
Building 4, 1st Floor,
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024
South Africa

Telephone +27 11 759 6000

www.northam.co.za

Company secretary
PB Beale
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024
South Africa

e-mail:trish.beale@norplats.co.za

Bankers
Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg, 2196
South Africa

PO Box 61029
Marshalltown, 2107
South Africa

Nedbank Group Limited
135 Rivonia Road
Sandton, 2196

PO Box 1144
Johannesburg, 2000
South Africa

Auditors
Ernst & Young Incorporated
102 Rivonia Road
Sandton, 2146
Johannesburg
South Africa

Private Bag X14
Sandton, 2146
South Africa

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

PO Box 61051
Marshalltown, 2017
South Africa

Telephone +27 11 370 5000
Facsimile +27 11 688 5238

Sponsor and debt sponsor
One Capital
17 Fricker Road
Illovo, 2196
Johannesburg
South Africa

PO Box 784573
Sandton, 2146
South Africa

Investor relations
LC van Schalkwyk
Telephone: +27 11 759 6000
e-mail:
leon.vanschalkwyk@norplats.co.za

R&A Strategic Communications
PO Box 1457
Parklands, 2121
South Africa

Telephone +27 11 880 3924
e-mail: marion@rasc.co.za

NORTHAM

PLATINUM LIMITED