NORTHAM
PLATINUM LIMITED

Protecting our people and our company whilst maintaining our growth strategy

Annual financial statements
30 June 2020

smart platinum mining

CONTENT

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

DIRECTORS' RESPONSIBILITIES AND 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 18 August 2020 and are signed on its behalf by:

KB Mosehla	**PA Dunne**	**HH Hickey**
Chairman	Chief executive officer	Chairperson – audit and risk committee

Johannesburg
18 August 2020

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, No. 71 of 2008, as amended (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, have been 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
18 August 2020

AUDIT AND RISK COMMITTEE REPORT

This audit and risk committee report has been prepared in terms of section 94(7)(f) of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the King IV Report on Governance for South Africa, 2016 (King IV™), the JSE Listings Requirements and other applicable regulatory requirements.

This report sets out how the audit and risk committee (the committee) has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

Role and mandate

The committee assists the board of directors (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 (CFO) 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 remains the responsibility of the executive directors and senior management.

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

These responsibilities are in terms of the mandate of the committee as defined in section 94(7) of the Companies Act, the JSE Listings Requirements and the audit and risk committee charter, which is available at www.northam.co.za/governance/policies-and-procedures.

Committee composition

The members of the committee, including the chairperson of the committee, are independent non-executive directors, elected by shareholders on the recommendation of the nomination committee.

Three out of the four committee members are chartered accountants and have risk management, finance and audit experience.

The board elects the chairperson of the committee and the chairperson of the board is not eligible to be chairperson or a member of the committee. The chairperson of the committee reports to the board on the committee's activities, all matters discussed, highlighting key issues requiring action and recommendations for resolution.

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

Name	Initial appointment date	Board status	Meeting attendance
HH Hickey (chairperson) CA(SA)	1 January 2016	Independent non-executive director	4/4
JJ Nel CA(SA); CFA (AIMR); AMP (INSEAD)	1 June 2019	Independent non-executive director	3/4*
Dr NY Jekwa MBA (Finance); MBBCh (Bachelor of Medicine and Bachelor of Surgery); MIoDSA	1 June 2019	Independent non-executive director	4/4
DH Brown CA(SA)	7 November 2017	Independent non-executive director	4/4

**Apologies received*

Changes to the committee during the year

There were no changes to the committee during the year under review.

Invited attendees

The engagement partners of the external and internal auditors are standing invitees to the committee meetings, as is the chief executive officer (CEO) and CFO.

Invitations to attend the 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. For the year under review these meetings took place on 16 August 2019 and 19 February 2020.

The board is satisfied that, collectively, the committee members have the appropriate mix of qualifications and experience, as required by King IV™, in order to fulfil their duties.

Our commitment to independence, transparency and collaboration

The committee encourages continuous improvement of and fosters adherence to Northam's policies, procedures and practices at all levels of the organisation. Application of these policies encourages open communication with assurance providers, including the external auditors, senior management, internal audit, compliance, the risk functions and the board.

The independence of the committee is key to its effective functioning, whilst ensuring that it does not assume the functions of management. As part of its mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

Areas of focus during the year – significant audit matters

Audit matter	Response	Associated risks
Financial reporting with regards to the reviewed interim results and the audited 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 the key audit matters communicated by the external auditors in their audit report in terms of International Standard on Auditing (ISA) 701 • Reviewed the representation letter signed by management • Considered section 45 of the Companies Act in regard to the provision of financial assistance to subsidiaries	• Liquidity management • Exchange rate and commodity price volatility

Audit matter	Response	Associated risks
Significant accounting judgements and estimates as disclosed in the annual financial statements.	The committee considered the following accounting judgements, estimates and assumptions in relation to the annual financial statements for the year ended 30 June 2020: • Assessment of the recoverable values of the various assets in the group in terms of IAS 36 Impairment of assets, ensuring that the recoverable values of cash generating units are higher than the carrying value and therefore no impairments are required • Considered and approved management's assessment of the ability of the company to continue as a going concern in the foreseeable future, together with various funding facilities and current utilised debt • Assessment of the measurement of inventory as well as the net realisable value of inventory (NRV), ensuring that inventory is stated at the lower of cost and NRV • Evaluation of the capitalisation of borrowing costs in terms of IAS 23 Borrowing cost relating to the various qualifying assets of the group • The investment in Zambezi Platinum (RF) Limited preference shares in the Northam company accounts as well as the consolidation of the Zambezi Platinum (RF) Limited preference share liability in the group accounts • Evaluation of the rehabilitation and decommissioning liabilities of the group • Assessment of the valuation of Toro Employee Empowerment Trust in terms of IAS 19 Employee benefits • Assessment of the utilisation of a deferred tax asset relating to various subsidiaries in the group in terms of IAS 12 Income taxes • Disclosure of related party transactions • Assessment of the liability raised in terms of an Employee Labour Court judgment • Assessment of the contingent asset raised with regards to the group's COVID-19 Temporary Employee Relief Scheme (C-19 TERS) • Assessment of the insurance claim at Zondereinde mine and the accounting treatment • Evaluation of the group's share based payment liability, ensuring that the requirements of IFRS 2 have been taken into account in determining the value of the liability • Dividend consideration for the year ended 30 June 2020 The committee has deliberated on these matters and is comfortable that they have been correctly accounted for in terms of the requirements of International Financial Reporting Standards (IFRS) and are fairly represented in the annual financial statements.	• Liquidity management • Exchange rate and commodity price volatility • Social license to operate
New accounting standards	Considered new standards, interpretations and amendments to standards in issue that are not yet adopted, but are likely to affect the financial reporting in future years and disclosure thereof in the annual financial statements. In particular, the impact of the adoption of IFRS 16 Leases was considered and evaluated. *Please refer to the annual financial statements for new accounting standards adopted and standards, interpretations and amendments issued, but not yet effective.*	• Social license to operate
Trading statement policy	Approved a trading statement policy detailing the process and sign off requirements for the group before a trading statement can be released.	• Social license to operate

Impact of COVID-19 on the current year audit and committee focus areas:

The lockdown enacted in South Africa on 26 March 2020 resulted in the suspension of normal operations. Northam restarted operations in a controlled and phased manner from Monday, 20 April 2020, initially at reduced capacity, in line with the amendments to the regulations relating to section 27(2) of the Disaster Management Act, 2002. Ramp up to normal levels commenced from 1 June 2020.

The impact of the COVID-19 pandemic influenced the way in which the external audit had to be executed. Due to social distancing the majority of the audit was done off site with the audit team given full access to Northam's Enterprise Resources Planning (ERP) system, SAP S4/Hana.

Continuous communication between Ernst & Young Inc, management and those charged with governance ensured that the audit was appropriately planned and executed in the most effective way possible under the current circumstances.

Below are a number of specific focus areas which have been impacted by the COVID-19 pandemic:

Area of focus	Response
Going concern assessment	The real and potential impacts of the COVID-19 pandemic have been specifically considered in business planning and the going concern assessment. These impacts include: • reduced production due to work stoppages. (lower production negatively impacts unit production costs given large fixed cost component of underground mining and in addition, lower units of production results in lower total revenue.) • reduced sales demand leading to • potentially lower sales volumes and • poorer commodity prices as well as • lower liquidity in the debt market, which reduces the availability, as well as increases the cost, of debt. These factors reduce operational cash flow, as well the availability of debt funding and can ultimately deplete available financial reserves. The committee considered the group's multi-pronged approach to mitigating the economic impacts of the pandemic as far as possible. This includes: • Reducing planned capital expenditure through the suspension or slowing of a number of the group's expansion projects over the coming 24 months. The group has adopted a modular approach to the development of these projects and this has allowed us to timeously adapt without significantly compromising current cost benefits or future optionality. • Reducing group operational unit costs by growing production at the lower cost, mechanised, Booysendal mine. • Substantially slowing US recycling operations as this significantly reduces associated working capital requirements. The group will however review this position at every reporting period going forward • Increasing the Domestic Medium-Term Note (DMTN) programme from R5.0 billion to R10.0 billion; • Maintaining the revolving credit facility (RCF) through Nedbank at R3.5 billion and general banking facility (GBF) of R500.0 million. Both these facilities were available at year end. The RCF is subject to financial covenant compliance, which is monitored on an ongoing basis. The committee also noted the following additional risk mitigating factor: • The company derives revenue from sales to a limited number of large customers with whom we have long-standing relationships. In respect of PGMs, the group's buyers are predominantly industrial companies. This reduces exposure to demand in the automotive sector. The group's chrome product is sold through a single third party via a guaranteed offtake and security of supply contributions agreement. This decreases down-side risk to sales and sales revenue, even during depressed market conditions Based on the latest available information the board believes that the group will continue to have adequate financial resources and access to capital to settle its liabilities as and when they fall due, to continue operating for the foreseeable future and, accordingly, the financial results have been prepared on a going concern basis.

Area of focus	Response
Impairment considerations	IAS 36 specifies when an entity needs to perform an impairment assessment, how to perform it, the recognition of any impairment losses and the related disclosures. The committee considered the group's impairment assessments at every reporting period based on the requirements of IAS 36. It was noted that: • Due to the impact of the COVID-19 pandemic, the budgeted production profile, capital expenditure, unit cash cost and commodity prices as well as the budgeted US dollar exchange rates have been adjusted to take into account the potential impact of the pandemic. • Appropriate sensitivity assessments have been performed to ensure that the carrying value of all assets are lower than their recoverable value.
Inventory valuation	The committee considered the valuation of inventory and noted that all inventory was valued at the lower of cost and net realisable value (NRV).
Borrowings	The committee considered the initiative undertaken to restructure the maturities of the DMTN debt. The aim of the restructuring was to preserve liquidity in the near to medium term, raise additional debt funding to further strengthen Northam's balance sheet and to provide positive signalling to the market in respect of Northam's cost of borrowings and credit risk. The following outcomes of the restructuring of the DMTN debt was noted: • R2.24 billion of notes were moved out to longer maturity dates • Additional liquidity of R940.6 million was created for the current calendar year • An additional R410.7 million was raised • Favourable interest rates were negotiated in the current COVID-19 environment • The restructured maturity profile of the DMTNs create a smoother maturity profile over the next five years.
Deferred tax	The utilisation of a deferred tax asset is dependent on future taxable profits in excess of profits arising from the reversal of taxable temporary difference. The committee noted that prudently no deferred tax asset relating to temporary difference has been raised relating to Eland Platinum Proprietary Limited or the US recycling operations.

The committee evaluated the consolidated and separate annual financial statements for the year ended 30 June 2020 and concluded that these comply, in all material respects, with the requirements of the Companies Act, IFRS, and the JSE Listings Requirements. The committee therefore recommended the approval of the annual financial statements to the board.

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 committee delegates the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of the company's operating environment. Mitigating controls are formulated to address the risks and the board is kept abreast of progress on the group's risk management plan.

During the year under review, the committee considered control issues identified from the various reports reviewed by the committee, in the context of the overall effectiveness of internal controls. This included internal and external audit reports, as well as specific internal control reports from management relating to internal attestation of financial and other controls.

Internal control and risk management matters considered	Response	Associated risks
Corporate governance (including the maturity of the risk management process and continuous improvement of 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 fostered that supports the effective control of the company at all levels • Mandated the internal audit function to conduct a review of the group's combined assurance model, internal controls and risk management processes. Reviewed the written assurance statement provided by the internal auditor, which confirmed that nothing has come to the internal auditor's 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 • Considered feedback received regarding any significant litigation and assessed the possible impact thereof on the financial results • Noted that management has strengthened the internal control environment by appointing a dedicated resource to supplement the work performed by internal audit, ensuring that the necessary controls and processes are put in place, taking into account findings identified by both the external and internal auditors	• Fraud including cyber risk
Compliance with laws and regulations	Considered and reviewed the group's compliance with laws and regulations. There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the year under review.	• Social license to operate
Cyber risk	Considered and reviewed the findings by the external consultant engaged to perform a vulnerability and penetration assessment on the group's IT systems. The committee will continue to assess the mitigating actions and responses put in place by management to address the findings identified from the assessment.	• Fraud including cyber risk

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

This included consideration of all entities within the group's IFRS financial statements, in order to ensure that the committee had access to all the financial information of the company to enable it to effectively prepare and report on the financial statements of the company.

Assessment of the independence and quality of the external auditor, Ernst & Young Inc. (EY) and the designated individual audit partner

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

EY has been the group's external auditor for 36 years. The designated individual audit partner rotates every five years, with Ebrahim Dhorat being appointed as the current audit partner from the financial year ended 30 June 2018.

EY has a number of safeguards to ensure that all members of the audit team are independent. EY has also provided the committee with the information as detailed in section 3.84(g)(iii), as read with section 22.15(h) of the JSE Listings Requirements.

During the year under review, inter alia, the following information was considered and reviewed 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 included the decision letter from the IRBA, the detailed findings and a copy of the remedial action plan sent to the IRBA by EY.
- The most recent IRBA inspection report for 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 said 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 2019 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 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 7 years, which were instituted in terms of any legislation or by any professional body of which EY and/or the designated individual audit partner, 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 has considered the information provided, and after due assessment, is satisfied that the external auditor, EY, and the designated individual partner, Ebrahim Dhorat, are appropriately accredited and are suitable for reappointment at the upcoming annual general meeting of the company for the 2021 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, should ensure that the company's financial results are reasonable and comply with IFRS. Furthermore, our growing business and ever changing accounting standards make it an imperative to appoint an auditing firm which has exposure to international best practice and knowledge.

It is acknowledged that EY has been the auditor of Northam Platinum Limited for an extended period of time. However, the other "Big 4" auditing firms have provided a range of services to the group over the last number of years, and therefore do not qualify to take up the audit of the group due to the stipulated five-year cooling off period, currently prescribed by IRBA.

Should the cooling-off period be reduced from the current five-year period, the audit will be rotated at the earliest date possible to a suitable Big 4 firm.

Non-audit services

A formal policy regarding the approval of all non-audit services is in place. The committee reviews all non-audit services to ensure that the various related fees are within the approved limits and that the external auditor's independence is not jeopardised as a result of non-audit services provided.

Audit and non-audit fees

For the year under review, the external auditors, EY, charged the following fees:

	30 June 2020	30 June 2019
	R000	R000
Audit services | Northam Platinum Limited and group companies	6 392	5 620
Audit services | Zambezi Platinum (RF) Limited	590	554
Assurance: Sustainable development report	1 095	1 215
Audit services: ISRE 2410 review	929	869
Audit services: ISRE 2410 review | Zambezi Platinum (RF) Limited	79	74
Non-audit fees	630	174
Assurance reports relating to the issue of commercial paper (Domestic medium-term notes)	2 500	1 000
	12 215	9 506

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

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

The 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 is not 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 registered auditor being Ebrahim Dhorat, be reappointed for the financial year ending 30 June 2021.

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) has been allocated to the director in charge of the internal audit function.

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

The internal auditor reports to the chair of the committee, with regards to the performance of its duties and functions. On other administrative matters, the internal auditor reports to the CFO.

The following functions are performed by internal audit:

- Assessment of compliance with laws and regulations
- Evaluate the effectiveness of internal controls over financial reporting and internal controls in general
- Report findings to management and the committee and monitor the remediation of all significant deficiencies reported
- Assist with the implementation of the Combined Assurance Framework

The committee has ensured that internal audit performed an independent assurance function and monitored its effectiveness in terms of the agreed upon assurance scope, 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 committee is satisfied with the appropriateness of the expertise, experience and resources of the internal audit function.

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 duplication of efforts and rationalises collaboration amongst assurance providers.

The 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 result in an adequate, effective control environment and the integrity of reports relied upon for decision making.

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, Mrs AH Coetzee.

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

Areas of focus for F2021

- Continuous improvement of the internal control environment
- Maturity of the risk management process within the group
- Continue to monitor factors related to the COVID-19 pandemic impacting the group's going concern

Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in line with its charter, statutory responsibilities as set out in section 94(7) of the Companies Act, the JSE Listings Requirements and King IV™ during the year under review.

On behalf of the committee.

HH Hickey
Chairperson

Johannesburg
14 August 2020

Building a better working world

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 2020

Opinion

We have audited the consolidated and separate financial statements of Northam Platinum Limited and its subsidiaries ('the Group') and Company set out on pages 29 to 143, which comprise of the consolidated and separate statements of financial position as at 30 June 2020, 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 and separate 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 and Company as at 30 June 2020, 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. 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 the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of Metal Inventory</td></tr>
<tr><td>
At year end, the value of metal inventory amounted to R 4 202 million representing 14% of total assets as at 30 June 2020.

As described in Inventories note 23 in the consolidated and separate 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 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.

Key factors that impact the determination of the physical quantities of metal inventory are:

• Sampling and assays of the material in process by management's internal experts;
• Surveying by management's external experts;
• The historical head grade achieved per mine;
• Various recovery factors at different stages in the process;
• Determination of the split of 4E metals in such material (prill splits); and
• Inventory quantity is recorded at the lower of theoretical or surveyed.

Although the methods for measuring and estimating metal inventory quantities did not change in FY2020, management adopted a new approach to the computations involved in determining equivalent ounces on hand at the different stages of the beneficiation process, after measurement has taken place. This was done to better present disaggregated production information across the different stages of the process, and the three mines.

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.

Due to the impact of the national lockdown enacted in response to the COVID-19 pandemic, the group incurred standing charges during idle time that needed to be separately identified and removed from normal production costs used in the valuation of metal inventory.

Key factors that impact the determination of valuation of metal inventory are:
• Allocation of mining costs based on a six-month rolling average and expensing abnormal costs and charges incurred during Level 5 lockdown idle time;
• Determination of net realizable value; and
• 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, the complexity and the sensitive estimations involved in the determination of the quantum of metal inventory and calculation of the value resulting in additional audit effort by the team in their testing.
</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 further obtained an understanding of managements new approach to the computations involved in determining equivalent ounces on hand at the different stages of the beneficiation process, after measurement has taken place.
• We observed the physical inventory surveys performed by external management specialists (surveyors).
• We inquired about the process followed by management's internal experts during sampling and assaying to assess the head grade and prill splits.
• We evaluated the competence, capabilities and objectivity of management's internal and external experts by reference to their qualifications, experience in the relevant industry and the scope of work as agreed with management.
• We compared deliveries of third-party material and concentrate to weighbridge slips to assess quantities received.
• We obtained external reports from management specialists, including metallurgists and surveyors, and agreed the quantities reported at 30 June 2020 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 realizable value (NRV) percentages.
• We recalculated the six-month rolling average mining cost using managements inputs,
• We evaluated costs noted as abnormal costs and charges incurred during lockdown Level 5 idle time and assessed the treatment of such cost in the valuation of metal inventory.
• 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 been transferred to Northam.

Disclosure:

• We have assessed the disclosures of Inventory to assess compliance with the disclosure requirements in accordance with IAS 2 - Inventories.
</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 146-page document titled "Northam Platinum Limited Annual Financial Statements for the year ended 30 June 2020", which includes the Directors' Report, the Audit 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 or the 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 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, 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 the 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, actions taken to eliminate threats or safeguards applied.

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 36 years.

Ernst & Young Inc.
Director: Ebrahim Dhorat
Chartered Accountant (CA)
Registered Auditor
18 August 2020

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 2020. In the context of the financial statements, the term group refers to the company, its subsidiaries, associates and joint arrangements.

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.

Financial results

The group and company (consolidated and separate) financial statements 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, No. 71 of 2008, as amended (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 performance and position of the company and the group as at 30 June 2020.

Despite the challenges of the COVID-19 pandemic, this has been a record year for Northam. Solid mining performance from the operations mitigated the collective impacts of an underground fire at Zondereinde mine during July 2019, together with intermittent Eskom power outages affecting all operations during November and December 2019. Prior to the onset of the COVID-19 pandemic, the group was on track for a record production year.

Sales revenue increased from R10.6 billion in 2019 to R17.8 billion for the group for the year. This increase is attributable to a 60.8% rise in the 4E basket price to USD1 764/oz (2019: USD1 097/oz) and a 10.9% weaker ZAR/USD exchange rate realised. Sales volumes were maintained despite logistical constraints experienced during the COVID-19 national lockdown and phased restart of mining operations. A 51.8% increase in cost of sales and a corresponding 67.3% increase in revenue resulted in operating profit increasing from R2.4 billion in 2019 to R5.3 billion for the year under review, an all-time record high for the group. This translates to an operating profit margin of 29.8% (2019: 22.6%).

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

Normalised headline earnings

Normalised headline earnings have been calculated taking into account the headline earnings adjusted for items relating to the 2015 Zambezi Platinum (RF) Limited Broad-Based Black Economic Empowerment (BEE) transaction. These include the preference share dividends associated with the BEE financing structure as well as the loss on derecognition of the preference share liability.

Stripping out the impact of the BEE transaction resulted in normalised headline earnings increasing to R3.4 billion (2019: R1.4 billion), which equates to normalised headline earnings per share, based on the total number of 509 781 212 issued shares, of 676.3 cents (2019: 270.1 cents). This is an increase of 150.4%.

Below is the calculation of normalised headline earnings and normalised headline earnings per share:

	30 June 2020	**30 June 2019**
	R000	R000
Headline earnings	2 167 589	55 316
Add back:		
Amortisation of liquidity fees paid on preference shares	16 390	16 390
Preference share dividends	1 133 172	1 305 244
Loss on derecognition of preference share liability	130 628	–
Normalised headline earnings	3 447 779	1 376 950
Normalised headline earnings per share (cents)	676.3	270.1
Number of shares in issue including treasury shares	509 781 212	509 781 212
Earnings per share (cents)	620.0	17.2
Fully diluted earnings per share (cents)	584.7	17.2
Headline earnings per share (cents)	619.5	15.8
Fully diluted headline earnings per share (cents)	584.3	15.8

Mining licences and Mineral Resources and Mineral Reserves

Various mining licences are held by the group. Please refer to the Mineral Resource and Mineral Reserves statement as well as a summary of the Mineral Resources and Mineral Reserves statement which is included in our Annual integrated report, both of which are available on the company's website www.northam.co.za.

Mineral Resources and Mineral Reserves reflected, include those of the Booysendal, Eland and Zondereinde mines, which are wholly owned by Northam or its wholly owned subsidiaries. In addition, they include the attributable content of the Dwaalkop joint venture prospect, in which Northam holds a 50% interest. The Dwaalkop joint venture prospect is managed by Sibanye-Stillwater's subsidiary, Western Platinum Proprietary Limited.

Northam holds, either directly or through its subsidiaries, new order mining rights over the Booysendal, Eland and Zondereinde mines. All mineral rights are held in good order, and Northam perceives no risk to its rights to continue prospecting for and mining of minerals over any of its properties.

In terms of section 102 of the Mineral and Petroleum Resources Development Act, No 28 of 2002, Northam applied, during January 2019, to exclude a small portion from the Zondereinde mining right, which application is still pending. This portion will ultimately transfer to Amandelbult mine as part of the previously reported Tumela transaction.

The Dwaalkop joint venture holds a new order prospecting right over the Dwaalkop prospect. This right is subject to a renewal application. An application for a new order mining right was submitted to the Department of Mineral Resources and Energy in 2009 and is still in process.

Northam further holds eight new order prospecting rights over the Kokerboom prospect, granted in 2009. Kokerboom is an iron oxide copper gold and massive sulphide copper zinc exploration prospect covering some 1 million hectares of the Northern Cape Province. A prospecting work program was in progress and no mineral resources or mineral reserves have been estimated. Closure applications for these prospecting rights have been submitted to the Department of Mineral Resources and Energy.

Subsidiary companies, associates and joint operations

Details regarding the related parties are provided in the annual financial statements, refer to note 46, which includes subsidiary companies, associates and joint operations.

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 2020 amounted to 2 000 000 000 shares (2019: 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 shareholders comprise 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 preference shares being listed on the debt market of the securities exchange operated by the JSE in May 2015.

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

Refer to note 26 and 46 for more detail on the stated capital and the Zambezi Platinum (RF) Limited structure.

Repurchase of issued shares

At the annual general meeting (AGM) held on 7 November 2019, 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 7 February 2021), whichever date is earlier.

Approval to renew this general authority will be sought at the AGM to be held on Friday, 27 November 2020.

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), the 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 are considered desirable and in the best interests of the company and its shareholders.

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.

There are however restrictions in terms of the revolving credit facility (RCF), in terms of permitted indebtedness.

Details of all outstanding borrowings are included in the annual financial statements, refer to note 25, 33 and 36.

Financial assistance

Under the Companies Act, inter-group loans, guarantees and other financial assistance requires 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 ensuing financial year (proposed F2021 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 such unforeseen circumstances, or that the terms and conditions associated with the financial assistance could be amended.

Financial assistance to subsidiary companies

Northam had granted the following financial assistance to its subsidiaries as at 30 June 2020 and proposes the following loan facilities to be granted for the F2021 year:

	Approved facility	**Estimated changes in the coming year**	**New estimated loan facility to be granted**	**Balance**
	2020	**2021**	**2021**	**2020**
	R000	R000	R000	R000
Booysendal Platinum Proprietary Limited	1 500 000	–	1 500 000	(1 331 532)
Eland Platinum Proprietary Limited	1 500 000	–	1 500 000	797 078
Mining Technical Services Proprietary Limited	150 000	–	150 000	20 970
Mvelaphanda Resources Proprietary Limited	150 000	–	150 000	(6 600)
Norplats Properties Proprietary Limited	150 000	–	150 000	51 723
Total loan facilities	3 450 000	–	3 450 000	(468 361)

	Approved facility	**Changes in the coming year**	**New loan facility to be granted**	**Balance**
	2020	**2021**	**2021**	**2020**
	USD000	USD000	USD000	R000
Northam Platinum Investments (US) Inc. and subsidiaries	50 000	–	50 000	32 449
Total loan facilities	50 000	–	50 000	32 449

Below are the various guarantees in issue as at 30 June 2020, 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
	2020	2021	2021
	R000	R000	R000
Northam Platinum Limited guarantee to Zambezi Platinum (RF) Limited*	5 010 134	–	5 010 134
Booysendal Platinum Proprietary Limited guarantees to providers of capital	9 000 000	5 000 000	14 000 000
Eland Platinum Proprietary Limited guarantees to providers of capital	9 000 000	(5 000 000)	4 000 000
Northam Platinum Limited subordination agreement to Mvelaphanda Resources Proprietary Limited	150 000	–	150 000
Total guarantee	23 160 134	–	23 160 134

**Zambezi Platinum (RF) Limited is consolidated for IFRS purposes only*

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 RCF (R3.5 billion) and general banking facility (GBF) (R500.0 million). In addition, Booysendal has also guaranteed any amount due but not paid by Northam in terms notes issued under the R10.0 billion DMTN programme.

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 lock-in 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 at the end of 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 statements of Northam is a guarantee of R5.0 billion, based on the initial recognition fair value less the accumulated amortisation.

At year end, Northam held 53 595 254 (2019: 4 230 819) Zambezi preference shares which were purchased in the open market. Subsequent to year end, an additional 21 134 297 Zambezi preference shares were purchased and Northam now holds 46.7% of all issued Zambezi preference shares.

See note 15 of the annual financial statements for more details.

Booysendal Platinum Proprietary Limited (Booysendal)

Northam currently has finance facilities available in the form of a RCF of R3.5 billion (2019: R3.5 billion) and a GBF of R500.0 million (2019: R500.0 million) with Nedbank Limited, and has issued R5.6 billion (2019: R1.8 billion) DMTNs 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 DMTN programme.

Any amendments to the RCF, the GBF or any applicable pricing supplement in respect of notes issued under the DMTN programme will be required to be guaranteed by Booysendal.

Northam manages the capital and debt facilities of the group and due to the ongoing capital expenditure incurred relating to the development of Booysendal South, 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 RCF of R3.5 billion (2019: R3.5 billion) and a GBF of R500.0 million (2019: R500.0 million) with Nedbank Limited. Eland has signed a letter of guarantee with regards to both these facilities.

Any amendments to the RCF or the GBF will be required to be guaranteed by Eland.

Northam manages the capital and debt facilities of the group and due to the ongoing capital expenditure incurred relating to the development of Eland, funding may be required from Northam. 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. To facilitate home ownership, Northam provided the initial funding of these projects.

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, is involved in sourcing, processing and sampling salvaged catalytic converters, from a select group of suppliers with the PGM bearing material from these recycled convertors being processed at the Zondereinde metallurgical facility. Funding will be required from Northam to purchase material from third party customers. Any loan balance advanced will accrue interest at the South African prime interest rate, with no fixed terms of repayment.

Refer to note 22 for all outstanding subsidiary loan balances.

Solvency and liquidity test

The Northam board has considered the proposed F2021 financial assistance and all reasonably foreseeable financial circumstances of Northam as at the date of such consideration and is satisfied that (i) immediately after providing the proposed F2021 financial assistance, Northam will satisfy the solvency and liquidity test (as contemplated in the Companies Act) and (ii) the terms under which the proposed F2021 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 there were no changes to the board of directors (the board).

The board comprised the following directors:

Director	Position	Nationality	Date 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	✓	
R Havenstein	Lead independent director	South African	1 July 2003		✓
PA Dunne	Chief executive officer	British	1 March 2014		
AH Coetzee	Chief financial officer	South African	15 November 2018		✓
DH Brown	Independent non-executive director	South African	7 November 2017		✓
CK Chabedi	Independent non-executive director	South African	22 June 2009	✓	
HH Hickey	Independent non-executive director	South African	1 January 2016	✓	
Dr NY Jekwa	Independent non-executive director	South African	8 November 2017		
JJ Nel	Independent non-executive director	South African	6 November 2018		
MH Jonas	Independent non-executive director	South African	6 November 2018		
TE Kgosi	Independent non-executive director	South African	1 November 2004		✓
TI Mvusi	Independent non-executive director	South African	1 January 2016	✓	
JG Smithies	Independent non-executive director	British	1 January 2017		✓

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.

Remuneration of non-executive directors

In terms of section 66(8) and (9) of the Companies Act, 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 and if not prohibited in the company's Memorandum of Incorporation (MOI). The Northam Platinum Limited MOI does not prohibit the payment of such remuneration. The proposed remuneration, set out below 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.

At the forthcoming annual general meeting, shareholders will accordingly be requested to consider a special resolution providing for the increase in the non-executive directors' fees for the year ending 30 June 2021 (F2021) as set out below. All amounts are quoted excluding Value Added Tax.

It is proposed that the annual remuneration payable to (i) non-executive directors be increased for the F2021 period by an average of 4.0% (F2020: increase of 7.0%); and (ii) the chairman of the board be increased for the F2021 period by 4.0% (F2020: increase of 8.0%).

Pursuant to such increase, all non-executive directors, including the chairman of the board, have undertaken to donate the fees received by them in excess of the fees approved for the F2020 period to the Northam Booysendal Community Trust and the Northam Zondereinde Community Trust.

All non-executive director remuneration will be payable quarterly in arrears. The annual fees set out below are calculated on the assumption that a certain number of board/committee meetings will be held in the financial year ending 30 June 2021. Non-executive directors' fees 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 below 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 month, 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 will not be affected by the pro-rating of the annual fee.

	Proposed fee for F2021 (per annum)	**Approved F2020 fee at the previous AGM (per annum)**
	R	R
Board		
Board chairperson	488 600	469 800
Lead independent director	416 400	400 400
Board members	365 600	351 500
The above fees are fixed annual fees calculated on the assumption of 5 (five) board meetings per financial year and shall be payable notwithstanding that fewer board meetings may be held. Should more than 5 (five) board meetings be held, the following amount will be paid for each additional meeting attended by a director.	55 900	53 700
Audit and risk committee		
Committee chairperson	225 000	216 300
Committee members	176 700	169 900
The above fees are fixed annual fees calculated on the assumption of 5 (five) audit and risk committee meetings per financial year and shall be payable notwithstanding that fewer audit and risk committee meetings may be held. Should more than 5 (five) audit and risk committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	21 840	21 000
Health, safety and environmental committee		
Committee chairperson	158 600	152 500
Committee members	119 700	115 100
The above fees are fixed annual fees calculated on the assumption of 4 (four) health, safety and environmental committee meetings per financial year and shall be payable notwithstanding that fewer health, safety and environmental committee meetings may be held. Should more than 4 (four) health, safety and environmental committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	21 840	21 000
Social, ethics, human resources and transformation committee		
Committee chairperson	160 400	154 200
Committee members	119 700	115 100
The above fees are fixed annual fees calculated on the assumption of 4 (four) social, ethics, human resources and transformation committee meetings per financial year and shall be payable notwithstanding that fewer social, ethics, human resources and transformation committee meetings may be held. Should more than 4 (four) social, ethics, human resources and transformation committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	21 840	21 000

	Proposed fee for F2021 (per annum)	Approved F2020 fee at the previous AGM (per annum)
	R	R
Nomination committee		
Committee chairperson	92 140	88 600
Committee members	56 600	54 400
The above fees are fixed annual fees calculated on the assumption of 1 (one) nomination committee meeting per financial year and shall be payable notwithstanding that fewer nomination committee meetings may be held. Should more than 1 (one) nomination committee meeting be held, the following amount will be paid for each additional meeting attended by a director.	21 840	21 000
Other board appointed committees		
Committee chairperson	133 700	128 600
Committee members	98 100	94 300
The above fees are fixed annual fees calculated on the assumption of 3 (three) other board appointed committee meetings per financial year and shall be payable notwithstanding that fewer other board appointed committee meetings may be held. Should more than 3 (three) other board appointed committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	21 840	21 000
Ad hoc fees - per hour	4 370	4 200

Directors' remuneration

The directors' remuneration for the year ended 30 June 2020 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	–	9 353	9 198	–	17 571	36 122
AH Coetzee	–	4 404	4 171	–	3 749	12 324
Non-executive						
KB Mosehla	618	–	–	–	–	618
R Havenstein	748	–	–	–	–	748
DH Brown	651	–	–	–	–	651
CK Chabedi	676	–	–	–	–	676
HH Hickey	568	–	–	–	–	568
NY Jekwa	713	–	–	–	–	713
MH Jonas	352	–	–	–	–	352
TE Kgosi	706	–	–	–	–	706
TI Mvusi	352	–	–	–	–	352
JJ Nel	584	–	–	–	–	584
JG Smithies	467	–	–	–	–	467
	6 435	13 757	13 369	–	21 320	54 881

Also see the Remuneration 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 2020 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	Total
	R000	R000	R000	R000	R000	R000	R000	R000
KB Mosehla	470	–	–	94	–	54	–	618
R Havenstein	400	–	152	94	–	89	13	748
DH Brown	352	170	–	129	–	–	–	651
CK Chabedi	352	–	115	94	115	–	–	676
HH Hickey	352	216	–	–	–	–	–	568
NY Jekwa*	352	170	76	–	115	–	–	713
MH Jonas	352	–	–	–	–	–	–	352
TE Kgosi	352	–	–	–	154	54	146	706
TI Mvusi	352	–	–	–	–	–	–	352
JJ Nel**	352	170	–	62	–	–	–	584
JG Smithies	352	–	115	–	–	–	–	467
	4 038	726	458	473	384	197	159	6 435

**Dr NY Jekwa was appointed as a member of the health, safety and environmental committee with effect from 1 November 2019*
***Mr JJ Nel was appointed as a member of the investment committee with effect from 1 November 2019*

The directors' remuneration for the year ended 30 June 2019 was 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*

An analysis of the non-executive fees in respect of the board and board committee services for the financial year ended 30 June 2019 was 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	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*

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 2020 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*	–	5 116 974	5 116 974
CK Chabedi*	–	204 000	204 000
TE Kgosi*	–	635 000	635 000
NY Jekwa	175	–	175
	41 225	5 955 974	5 997 199

** 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 2020, purchased in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
AH Coetzee	15 800	–	15 800
	15 800	–	15 800

There have been no changes in these holdings from 30 June 2020 to the date of the annual financial statements.

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

Going concern

Mining operations have a finite life and their profitability is influenced by both internal and external factors. Internal factors include, amongst other things, geological, technical and productivity aspects. External influences include economic factors such as commodity prices and exchange rates.

In addition, mining is a capital intensive business with relatively long time horizons. Commodity prices follow shorter period cyclical patterns. Therefore, capital allocation planning requires consideration of both short and long-term technical planning as well as that of the global economic outlook and cyclical commodity price variance. This manifests in conservative long-term price estimates and the incorporation of sensitivity analysis to increase confidence in financial viability even during depressed market conditions, as well as to moderate increasing estimate uncertainty over time.

To this end, the individual group operations undergo techno-economic studies on an annual basis in the form of Competent Person reports and new projects follow economic feasibility studies on both a standalone and integrated basis. These include consideration of the operations' ability to respond to changing circumstances, as well as the financial reserves required to sustain operations through adverse conditions, such as commodity price down-cycles or periods of reduced production or sales demand.

This assists the group in managing its capital to ensure that it has the necessary reserves to sustain operations through adverse conditions, to maximise the return to shareholders through the optimisation of debt and equity balances, and to ensure that all externally imposed capital requirements are complied with. This enables it to continue as a going concern.

The real and potential impacts of the COVID-19 pandemic have been specifically considered in business planning and the going concern assessment. These impacts include:

- Reduced production due to work stoppages. Underground mining carries a large fixed cost component which accrues irrespective of production levels. As such, lower production negatively impacts unit production costs. In addition, lower units of production result in lower total revenue.
- Reduced sales demand leading to,
- Potentially lower sales volumes, and
- Poorer commodity prices, as well as
- Lower liquidity in the debt market; which reduces the availability, as well as increases the cost, of debt.

These factors reduce operational cash flow, as well as the availability of debt funding. This depletes available sustaining financial reserves.

The lockdown enacted in South Africa on 26 March 2020 resulted in the suspension of normal operations. The phased restart of mining, announced on 16 April 2020, allowed for a controlled build-up to, initially, 50% and then 100% of normal production. This brought about significant production losses, resulting in reduced sales revenue and increased unit production costs.

Northam has developed a multipronged approach to mitigating the economic impacts of the COVID-19 pandemic. This is in order to protect financial reserves as far as possible by reducing capital outflow, strengthening our debt facilities and improving operational profitability. It includes:

- Reducing planned capital expenditure through the suspension or slowing of a number of our expansion projects over the coming 24 months. We adopted a modular approach to the development of these projects and this has allowed us to timeously adapt without significantly compromising current cost benefits or future optionality.
  - at Booysendal South mine, ramp-up of the BS4 module will be limited and development of the Central Merensky module has been delayed;
  - at Zondereinde mine, portions of the Western extension access project (Number 3 shaft) have been delayed. However, pilot drilling of the planned raise bored shaft continued, as has underground reserve build-up;
  - the stoping ramp-up of Eland mine has been postponed for 12 months; and
  - in addition, further reduction in capital expenditure can be considered in the event of depressed market conditions.
- Reducing group operational unit costs by preferentially growing production at the lower cost, mechanised, Booysendal mine.
  - during the coming 24 months, production of saleable 4E oz from Zondereinde mine is estimated at 290 000 oz for the coming year and 340 000 oz thereafter, whilst Booysendal mine production is expected to grow to 330 000 oz in the coming year and approximately 400 000 oz in the following year;
  - the PGM supply sector is relatively constrained. Operating lower on the industry cost curve improves our relative position in the sector. This, in turn, enhances our sustainability and increases our ability to raise debt funding where required.
- Substantially slowing US recycling operations as this significantly reduces associated working capital requirements. The company will however review this position at every reporting period going forward.
- Increasing the DMTN programme from R5.0 billion to R10.0 billion.
  - the company has issued R5.6 billion in DMTNs, allowing R4.4 billion of potential head room;
  - R624.8 million of the DMTN debt will mature in the coming year. This debt will be settled in full unless the maturity term is extended.
- Maintaining the RCF of R3.5 billion and the GBF of R500.0 million, both these facilities are with Nedbank and were not drawn down at year end.

In addition, the company derives revenue from sales to a limited number of large customers with whom we have long-standing relationships. In respect of PGMs, our buyers are predominantly industrial companies. This reduces our exposure to demand in the automotive sector. Our chrome product is sold through a single third party via a guaranteed offtake and security of supply contributions agreement. This lowers down-side risk to sales and sales revenue, even during depressed market conditions.

The capital structure of the group consists of debt, which includes borrowings disclosed in the annual financial statements, issued capital, reserves and retained earnings. At year end the company had cash reserves of R2.2 billion, as well as R4.0 billion of available banking facilities.

The annual financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. We continue to monitor factors impacting price forecasts, which inform detailed cash flow estimates.

Based on the latest available information the board believes that the group will continue to have adequate financial resources and access to capital to settle its liabilities as and when they fall due, to continue operating for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

.

Ordinary dividends

There are a number of ways that value can be returned to shareholders. This includes cash dividends, but also includes share buy-backs or the purchase of the Zambezi Platinum (RF) Limited preference shares.

The company's dividend policy is to consider an interim and final dividend at each reporting period. At its discretion, the board may consider a special dividend where appropriate and dependent on the perceived need to retain funds for expansion or operating purposes. The quantum of any dividend would ultimately be subject to expected future market and capital commitments at the time of consideration by the board.

During the year under review, Northam returned value to shareholders by acquiring 49 364 435 Zambezi Platinum (RF) Limited preference shares for R3.7 billion. Subsequent to year end an additional 21 134 297 preference shares were acquired for R1.7 billion. Northam now holds 46.7% of the total issued number of Zambezi Platinum (RF) Limited preference shares.

The board has therefore resolved not to declare a final dividend for the 2020 financial year (2019: R Nil per share).

The board is of the view that at this time, the most efficient way to return value to shareholders is to purchase the Zambezi Platinum (RF) Limited preference shares.

However, this will be reassessed at every reporting period going forward.

Events after the reporting date

Refer to note 53 of the annual financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

		Group		Company	
		2020	2019	2020	2019
	Note	R000	R000	R000	R000
Sales revenue	3	17 811 971	10 649 506	17 395 605	10 280 223
Cost of sales		(12 510 983)	(8 239 481)	(14 341 311)	(8 969 437)
Operating costs	4	(9 931 934)	(7 607 161)	(5 828 951)	(5 069 318)
Concentrates purchased		(2 460 302)	(327 572)	(9 304 685)	(3 747 389)
Refining and other costs		(178 718)	(135 104)	(178 718)	(135 104)
Depreciation and write-offs		(626 152)	(487 165)	(187 490)	(166 210)
Change in metal inventories	23	686 123	317 521	1 158 533	148 584
Gross profit		5 300 988	2 410 025	3 054 294	1 310 786
Share of earnings from associate	13	16 358	11 153	–	–
Investment income	5	119 220	56 260	495 342	168 951
Finance charges excluding preference share dividends	6	(602 595)	(184 027)	(685 272)	(425 613)
Net foreign exchange transaction gains		84 765	10 411	79 178	11 098
Sundry income	7	238 903	77 472	321 518	64 919
Sundry expenditure	8	(243 787)	(357 713)	(173 783)	(134 802)
Profit before preference share dividends		4 913 852	2 023 581	3 091 277	995 339
Amortisation of liquidity fees paid on preference shares	34	(16 390)	(16 390)	–	–
Preference share dividends	34	(1 133 172)	(1 305 244)	–	–
Loss on derecognition of preference share liability	34	(130 628)	–	–	–
Profit before tax		3 633 662	701 947	3 091 277	995 339
Tax	9	(1 464 478)	(641 854)	(856 465)	(269 057)
Profit for the year		2 169 184	60 093	2 234 812	726 282
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss		24 331	11 354	(8 201)	8 201
Fair value adjustment on the investment in Zambezi Platinum (RF) Limited preference shares net of deferred tax	15	–	–	(8 201)	8 201
Exchange differences on translation of foreign operations		24 331	11 354	–	–
Total comprehensive income for the year		2 193 515	71 447	2 226 611	734 483

		Group	
		2020	2019
	Note		
Earnings per share (cents)	10	620.0	17.2
Fully diluted earnings per share (cents)	10	584.7	17.2

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

		Group		Company	
		2020	2019	2020	2019
	Note	R000	R000	R000	R000
Assets					
Non-current assets		24 299 715	21 604 214	21 617 505	18 510 908
Property, plant and equipment	11	16 522 533	14 484 795	4 652 884	4 152 118
Mining properties and Mineral Resources	12	6 663 425	6 722 551	1 080 139	1 110 723
Investment held in escrow	20	–	16 841	–	–
Interest in associate	13	62 657	46 299	–	–
Investment in subsidiaries	14	–	–	12 353 207	12 353 207
Other investments	15	–	–	1 921 141	306 734
Land and township development	16	75 967	71 414	10 826	16 600
Long-term receivables	17	82 232	85 536	19 222	13 851
Investments held by Northam Platinum Restoration Trust Fund	18	128 732	120 080	64 366	60 040
Environmental Guarantee investment	19	62 953	42 043	33 276	27 037
Buttonshope Conservancy Trust	20	15 850	13 218	–	–
Long-term prepayments	21	–	563	–	–
Long-term subsidiary loan	22	–	–	797 078	470 598
Other financial assets	36	23 084	–	23 084	–
Non-current inventories	23	662 282	–	662 282	–
Deferred tax asset	28	–	874	–	–
Current assets		6 367 790	5 340 449	6 512 518	5 512 210
Short-term subsidiary loan receivable	22	–	–	105 142	639 739
Inventories	23	3 744 313	3 762 675	4 014 805	3 538 150
Trade and other receivables	24	456 494	621 938	324 754	480 679
Cash and cash equivalents	25	2 160 956	950 315	2 067 817	853 642
Tax receivable		6 027	5 521	–	–
Total assets		30 667 505	26 944 663	28 130 023	24 023 118
Equity and liabilities					
Total equity		9 650 315	7 456 800	12 138 602	9 911 991
Stated capital	26	13 778 114	13 778 114	13 778 114	13 778 114
Treasury shares	26	(6 556 123)	(6 556 123)	–	–
Retained earnings/(accumulated loss)		1 518 555	(650 629)	(2 813 268)	(5 048 080)
Other comprehensive income	15	–	–	–	8 201
Foreign currency translation reserve		35 321	10 990	–	–
Equity-settled share-based payment reserve	27	874 448	874 448	1 173 756	1 173 756
Non-current liabilities		16 639 103	16 870 813	11 442 622	12 506 089
Deferred tax liability	28	2 177 317	1 419 467	1 089 952	937 802
Long-term provisions	29	729 327	679 459	149 292	141 883
Preference share liability	34	8 291 117	10 767 134	–	–
Long-term loans	30	130 533	140 510	95 566	96 067
Lease liability	31	64 361	–	12 492	–
Long-term share-based payment liability	35	354 363	160 746	193 101	90 896
Financial guarantee liability	32	–	–	5 010 134	7 535 944
Domestic medium-term notes	33	4 892 085	1 566 304	4 892 085	1 566 304
Revolving credit facility	36	–	2 137 193	–	2 137 193
Current liabilities		4 378 087	2 617 050	4 548 799	1 605 038
Short-term subsidiary loan payable	22	–	–	1 338 132	–
Current portion of long-term loans	30	28 472	33 837	18 526	23 720
Current portion of lease liability	31	16 261	–	3 062	–
Current portion of domestic medium-term notes	33	616 327	248 580	616 327	248 580
Short-term share-based payment liability	35	183 029	86 814	131 348	52 720
Tax payable		229 628	24 910	229 394	24 865
Trade and other payables	37	2 939 251	1 931 173	1 949 818	1 032 668
Provisional pricing derivatives	38	–	26 206	–	17 055
Short-term provisions	39	365 119	265 530	262 192	205 430
Total equity and liabilities		30 667 505	26 944 663	28 130 023	24 023 118

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2020

Group	Stated capital	(Accumulated loss)/retained earnings	Equity settled share-based payment reserve	Foreign currency translation reserve*	Total equity
	R000	R000	R000	R000	R000
Opening balance as at 1 July 2018	7 221 991	(710 722)	874 448	(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	(650 629)	874 448	10 990	7 456 800
Total comprehensive income for the year	–	2 169 184	–	24 331	2 193 515
Profit for the year	–	2 169 184	–	–	2 169 184
Other comprehensive income for the year	–	–	–	24 331	24 331
Balance as at 30 June 2020	7 221 991	1 518 555	874 448	35 321	9 650 315
Note	26		27		

** 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 operations)*

Company	Stated capital	Accumulated loss	Equity-settled share-based payment reserve	Fair value through other comprehensive income	Total equity
	R000	R000	R000	R000	R000
Opening balance as at 1 July 2018	13 778 114	(5 774 362)	1 173 756	–	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	(5 048 080)	1 173 756	8 201	9 911 991
Total comprehensive income for the year	–	2 234 812	–	(8 201)	2 226 611
Profit for the year	–	2 234 812	–	–	2 234 812
Other comprehensive income for the year	–	–	–	(8 201)	(8 201)
Balance as at 30 June 2020	13 778 114	(2 813 268)	1 173 756	–	12 138 602
Note	26		27		

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2020

		Group		Company	
		2020	2019	2020	2019
	Note	R000	R000	R000	R000
Cash flows from operating activities		6 387 775	2 711 918	2 997 168	1 575 919
Cash generated from operations	41	6 261 607	2 724 967	3 498 966	1 457 997
Change in working capital	42	519 596	(47 856)	(100 747)	54 695
Movement relating to land and township development		(4 553)	(5 734)	5 774	28 844
Interest income received		103 847	49 969	86 500	33 184
Dividend income received		8 820	3 398	6 461	684
Tax paid	43	(501 542)	(12 826)	(499 786)	515
Cash flows utilised in investing activities		(2 400 824)	(2 686 063)	982 291	(1 542 684)
Property, plant and equipment, mining properties and Mineral Reserves					
Additions to maintain operations		(382 216)	(221 791)	(196 772)	(68 425)
Additions to expand operations		(2 007 177)	(2 277 100)	(461 976)	(607 892)
Disposal proceeds		4 681	26 099	4 459	24 116
Investment held in escrow		16 841	(16 841)	–	–
Amounts paid in respect of long-term prepayments	21	(759)	(212 817)	–	–
Repayments made by Norplats Properties Proprietary Limited loan		–	–	5 425	9 448
Repayment on the Mining Technical Services Proprietary Limited loan		–	–	–	(8 053)
Repayments made by Booysendal Platinum Proprietary Limited		–	–	1 896 596	(449 197)
Advances provided to Eland Platinum Proprietary Limited		–	–	(253 365)	(451 007)
Advances provided to the US recycling operations		–	–	(1 511)	(15 563)
Refunds received on the cancellation of the Environmental Guarantee investment		–	66 424	–	56 986
Increase in investments held by Environmental Guarantee investment		(20 910)	(39 568)	(6 239)	(28 390)
Increase in investments held by Northam Platinum Restoration Trust Fund		(8 652)	(9 454)	(4 326)	(4 707)
Increase in investment held in Buttonshope Conservancy Trust		(2 632)	(1 015)	–	–
Cash flows from financing activities		(2 878 025)	615 004	(2 866 999)	618 430
Interest paid		(588 364)	(410 455)	(585 406)	(407 029)
Draw down on revolving credit facility	36	4 800 000	850 000	4 800 000	850 000
Repayment of revolving credit facility	36	(6 950 000)	(200 000)	(6 950 000)	(200 000)
Issue of domestic medium-term notes	33	6 266 200	1 650 000	6 266 200	1 650 000
Repayment of domestic medium-term notes	33	(215 000)	(1 250 000)	(215 000)	(1 250 000)
Domestic medium-term notes settled as part of notes switched	33	(2 235 451)	–	(2 235 451)	–
Repayment of long-term loans	30	–	(9 400)	–	(9 400)
Transaction fees paid		(182 467)	(15 141)	(182 467)	(15 141)
Repayment on the Mining Technical Services Proprietary Limited loan		–	–	(12 301)	–
Loan from Mvelaphanda Resources Proprietary Limited		–	–	6 600	–
Repayment of principal portion of lease liabilities	31	(16 736)	–	(2 967)	–
Acquisition of Zambezi Platinum (RF) Limited preference shares	15	(3 691 507)	–	(3 691 507)	–
Transaction fees paid on the acquisition of Zambezi Platinum (RF) Limited preference shares	15	(64 700)	–	(64 700)	–
Increase in cash and cash equivalents		1 108 926	640 859	1 112 460	651 665
Net foreign exchange difference on cash and cash equivalents		101 715	16 289	101 715	16 289
Cash and cash equivalents at the beginning of the year		950 315	293 167	853 642	185 688
Cash and cash equivalents at the end of the year	25	2 160 956	950 315	2 067 817	853 642

ACCOUNTING POLICIES

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 (JSE) Listings Requirements and the Companies Act, No. 71 of 2008 (the Companies Act).

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 the 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 2019 were adopted in the group's year-end results:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 23 Borrowing costs – Borrowing costs eligible for capitalisation

The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

The adoption of all other standards, amendments or interpretations, other than IFRS 16, had no impact on the annual financial statements.

IFRS 16 Leases

IFRS 16 supersedes 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 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17 for the group. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the group is the lessor.

The group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied with the cumulative effect of initially applying the standard recognised at the date of initial application. The group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 as at 1 July 2019 is as follows:

	Group	Company
	R000	R000
Assets		
Property, plant and equipment – Right-of-use asset	88 992	16 913
Deferred tax asset	24 918	4 736
Total assets	113 910	21 649
Liabilities		
Non-current lease liabilities	71 952	13 829
Current lease liabilities	17 040	3 084
Deferred tax liability	24 918	4 736
Total equity and liabilities	113 910	21 649

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

	Group	Company
	R000	R000
Operating lease commitments as at 30 June 2019	74 297	10 149
Less commitments relating to low-value assets	(14 126)	(6 168)
Add lease payments relating to renewal periods not previously included	114 960	19 314
Less effect of discounting	(86 139)	(6 382)
Lease liability as at 1 July 2019	88 992	16 913
Weighted average incremental borrowing rate	10.0%	10.0%

The group has lease contracts for various buildings and land. Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Leases previously accounted for as operating leases

The group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemption to leases with lease terms that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, such as indirect taxes, Mineral Royalty charges and Value Added Tax, nor does it specifically include requirements relating to interest and penalties associated with uncertain 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
- How an entity considers changes in facts and circumstances

The group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The group applies judgement in identifying uncertainties over income tax treatments. Since the group operates in a complex mining tax environment, it assessed whether the interpretation had an impact on its consolidated financial statements. Upon adoption of the interpretation, the group considered whether it has any uncertain tax positions, particularly those relating to mining tax. The group determined, based on its tax compliance study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the financial statements.

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, with early application permitted.

This amendment was taken into account when determining general borrowing costs which can be capitalised to qualifying assets in accordance with the transitional provisions. Since the group's current practice is in line with these amendments, they had no impact on the financial statements.

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

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

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.

Definition of Material – Amendments to IAS 1 and IAS 8

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

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

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

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

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

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

Conceptual Framework

The IASB has revised its Conceptual Framework. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it will use when setting standards. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions;
- reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality;
- defining a reporting entity, which might be a legal entity or a portion of a legal entity;
- revising the definition of an asset as a present economic resource controlled by the entity as a result of past events;
- revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events;
- removing the probability threshold for recognition, and adding guidance on derecognition;
- adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis; and
- 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.

This revision is not expected to have a material impact on the group.

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

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

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

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

As a result of the COVID-19 pandemic, the IASB has tentatively decided to publish an exposure draft proposing to delay the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2023.

This amendment is not expected to have a material impact on the group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively, effective for annual periods beginning on or after 1 January 2022 only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for first-time adopters.

The impact on the group is still being assessed.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively for annual periods beginning on or after 1 January 2022, to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier 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.

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

1.3 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 acquiree'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
- 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 thereof. 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 asset is dependent on the purpose and characteristics of the particular financial asset 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. Interest earned, impairment and gains and losses on disposal are recognised in profit or loss.

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 (financial liability) 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. 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.

ACCOUNTING POLICIES continued

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 recognised 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, recognises 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.

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.

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

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 and ore purchased which are recognised in the month in which they are purchased and not on a six-month rolling average.

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 of 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, using an appropriate rate.

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 is 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 35.

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

At the inception of the contract, the group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Group as lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises right-of-use liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of right-of-use liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within Property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of right-of-use liabilities is increased to reflect the unwinding of interest and reduced for the lease payments made (amortised cost using the effective interest rate method). In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. A corresponding adjustment is made to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low-value leases

The group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

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.

Accounting policy for leases prior to 1 July 2019 under IAS 17 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 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 operating 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.

Eland 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.

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

With regards to the US recycling operations, metals in concentrate are sourced and purchased from third party customers and all sales are made to Northam Platinum Limited (Zondereinde) at the original cost of the metal in concentrate purchased from third party customers plus all processing costs incurred at the US recycling operations.

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.

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 R152.8 million (2019: R156.5 million).

Segmental statement of profit or loss and other comprehensive income

30 June 2020	Zondereinde operating segment R000	Booysendal operating segment R000	Eland operating segment R000	US recycling operating segment R000	Intercompany eliminations R000	Zambezi Platinum (RF) Limited R000	Other R000	Total R000
Sales revenue	17 395 605	6 490 649	1 010 877	98 382	(7 183 542)	–	–	17 811 971
Cost of sales	(14 341 311)	(3 798 068)	(849 620)	(112 827)	6 590 843	–	–	(12 510 983)
Operating costs	(5 828 951)	(3 301 103)	(784 356)	(17 524)	–	–	–	(9 931 934)
Mining operations	(4 008 126)	(2 350 782)	(498 136)	–	–	–	–	(6 857 044)
Concentrator operations	(398 591)	(604 720)	(263 527)	(17 524)	–	–	–	(1 284 362)
Smelting and base metal removal plant costs	(684 816)	–	–	–	–	–	–	(684 816)
Chrome processing	(6 238)	(22 365)	(19 265)	–	–	–	–	(47 868)
Selling and administration	(132 806)	(132 806)	–	–	–	–	–	(265 612)
Royalty charges	(197 372)	(30 845)	(157)	–	–	–	–	(228 374)
Carbon tax	(479)	–	–	–	–	–	–	(479)
Share-based payment expenses and profit share scheme	(401 689)	(148 599)	(6 365)	–	–	–	–	(556 653)
Rehabilitation	1 166	(10 986)	3 094	–	–	–	–	(6 726)
Concentrates purchased	(9 304 685)	(238 578)	(39 476)	(61 105)	7 183 542	–	–	(2 460 302)
Refining including sampling and handling charges	(178 718)	–	–	–	–	–	–	(178 718)
Depreciation and write-offs	(187 490)	(399 449)	(30 448)	(10 497)	1 732	–	–	(626 152)
Change in metal inventory	1 158 533	141 062	4 660	(23 701)	(594 431)	–	–	686 123
Operating profit/(loss)	3 054 294	2 692 581	161 257	(14 445)	(592 699)	–	–	5 300 988
Share of earnings from associate	–	–	–	–	–	–	16 358	16 358
Investment income	495 342	5 934	66	–	(394 871)	29	12 720	119 220
Finance charges excluding preference share dividends	(685 272)	(24 817)	(97 500)	(3 486)	66 335	–	142 145	(602 595)
Net foreign exchange transaction gains/(losses)	79 178	(444)	–	6 031	–	–	–	84 765
Sundry income	321 518	5 228	1 549	40	(9 321 173)	9 146 592	85 149	238 903
Sundry expenditure	(173 783)	(66 199)	(11 645)	–	86 500	(1)	(78 659)	(243 787)
Profit/(loss) before preference share dividends	3 091 277	2 612 283	53 727	(11 860)	(10 155 908)	9 146 620	177 713	4 913 852
Amortisation of liquidity fees paid on preference shares	–	–	–	–	(16 390)	–	–	(16 390)
Preference share dividends	–	–	–	–	299 678	(1 432 850)	–	(1 133 172)
Loss on derecognition of preference share liability	–	–	–	–	(130 628)	–	–	(130 628)
Profit/(loss) before tax	3 091 277	2 612 283	53 727	(11 860)	(10 003 248)	7 713 770	177 713	3 633 662
Tax	(856 465)	(683 514)	207	–	2 168 774	(2 048 844)	(44 636)	(1 464 478)
Profit/(loss) for the year	2 234 812	1 928 769	53 934	(11 860)	(7 834 474)	5 664 926	133 077	2 169 184

Segmental statement of profit or loss and other comprehensive income

30 June 2019	Zondereinde operating segment R000	Booysendal operating segment R000	Eland operating segment R000	US recycling operating segment R000	Intercompany eliminations R000	Zambezi Platinum (RF) Limited R000	Other R000	Total 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 financial position

30 June 2020	Zondereinde operating segment R000	Booysendal operating segment R000	Eland operating segment R000	US recycling operating segment R000	Intercompany eliminations R000	Zambezi Platinum (RF) Limited R000	Other R000	Total R000
Assets								
Non-current assets	21 617 505	16 192 929	1 438 142	147 723	(34 680 149)	18 581 014	1 002 551	24 299 715
Property, plant and equipment	4 652 884	9 651 268	1 420 280	147 723	(73 128)	–	723 506	16 522 533
Mining properties and mineral resources	1 080 139	6 398 637	3 000	–	(954 581)	–	136 230	6 663 425
Investment held in escrow	–	–	–	–	–	–	–	–
Interest in associates	–	–	–	–	–	–	62 657	62 657
Investment in subsidiaries	12 353 207	–	–	–	(12 353 207)	–	–	–
Investments in Northam Platinum Limited	–	–	–	–	(18 581 014)	18 581 014	–	–
Other investments	1 921 141	–	–	–	(1 921 141)	–	–	–
Land and township development	10 826	57 263	–	–	–	–	7 878	75 967
Long-term receivables	19 222	5 779	801	–	–	–	56 430	82 232
Investments held by Northam Platinum Restoration Trust Fund	64 366	64 366	–	–	–	–	–	128 732
Environmental Guarantee Investment	33 276	15 616	14 061	–	–	–	–	62 953
Buttonshope Conservancy Trust	–	–	–	–	–	–	15 850	15 850
Long-term prepayments	–	–	–	–	–	–	–	–
Long- term subsidiary loans	797 078	–	–	–	(797 078)	–	–	–
Other financial assets	23 084	–	–	–	–	–	–	23 084
Non-current inventory	662 282	–	–	–	–	–	–	662 282
Deferred tax asset	–	–	–	–	–	–	–	–
Current assets	6 512 518	1 760 035	39 420	5 060	(2 049 811)	502	100 066	6 367 790
Short-term subsidiary loan	105 142	1 331 270	–	–	(1 436 634)	–	222	–
Inventories	4 014 805	320 556	19 607	2 522	(613 177)	–	–	3 744 313
Trade and other receivables	324 754	104 744	19 585	666	–	1	6 744	456 494
Cash and cash equivalents	2 067 817	391	228	1 872	–	501	90 147	2 160 956
Tax receivable	–	3 074	–	–	–	–	2 953	6 027
Total assets	28 130 023	17 952 964	1 477 562	152 783	(36 729 960)	18 581 516	1 102 617	30 667 505
Equity and liabilities								
Total equity	12 138 602	13 987 107	22 328	117 603	(20 685 850)	3 295 723	774 802	9 650 315
Stated capital	13 778 114	8 675 932	325 000	142 118	(9 147 408)	–	4 358	13 778 114
Treasury shares	–	–	–	–	(6 556 123)	–	–	(6 556 123)
(Accumulated loss)/retained earnings	(2 813 268)	2 809 420	(302 672)	(59 836)	(2 181 256)	3 295 723	770 444	1 518 555
Foreign currency translation reserve	–	–	–	35 321	–	–	–	35 321
Other comprehensive income	–	–	–	–	–	–	–	–
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	11 442 622	3 167 233	372 348	–	(13 810 398)	15 285 793	181 505	16 639 103
Deferred tax liability	1 089 952	2 704 110	–	–	(4 491 825)	2 693 575	181 505	2 177 317
Long-term provisions	149 292	220 656	366 717	–	(7 338)	–	–	729 327
Preference share liability	–	–	–	–	(4 301 101)	12 592 218	–	8 291 117
Long-term loans	95 566	34 967	–	–	–	–	–	130 533
Lease liability	12 492	51 869	–	–	–	–	–	64 361
Long-term share-based payment liability	193 101	155 631	5 631	–	–	–	–	354 363
Financial guarantee liability	5 010 134	–	–	–	(5 010 134)	–	–	–
Domestic medium-term notes	4 892 085	–	–	–	–	–	–	4 892 085
Revolving credit facility	–	–	–	–	–	–	–	–
Current liabilities	4 548 799	798 624	1 082 886	35 180	(2 233 712)	–	146 310	4 378 087
Current portion of long-term loans	18 526	9 946	–	–	–	–	–	28 472
Current portion of lease liability	3 062	13 199	–	–	–	–	–	16 261
Current portion of domestic medium-term notes	616 327	–	–	–	–	–	–	616 327
Short-term share-based payment liability	131 348	51 681	–	–	–	–	–	183 029
Tax payable	229 394	–	61	–	–	–	173	229 628
Subsidiary loans payable	1 338 132	–	797 430	32 449	(2 233 712)	–	65 701	–
Trade and other payables	1 949 818	631 628	274 638	2 731	–	–	80 436	2 939 251
Provisional pricing derivatives	–	–	–	–	–	–	–	–
Short-term provisions	262 192	92 170	10 757	–	–	–	–	365 119
Total equity and liabilities	28 130 023	17 952 964	1 477 562	152 783	(36 729 960)	18 581 516	1 102 617	30 667 505

Segmental statement of financial position

30 June 2019	Zondereinde operating segment R000	Booysendal operating segment R000	Eland operating segment R000	US recycling operating segment R000	Intercom-pany eliminations R000	Zambezi Platinum (RF) Limited R000	Other R000	Total 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

3. Sales revenue

Sales revenue can be disaggregated into the following:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Revenue from contracts with customers	17 759 371	10 725 482	17 352 211	10 326 865
Revenue from fair value adjustments with regards to IFRS 9	52 600	(75 976)	43 394	(46 642)
Total sales revenue	17 811 971	10 649 506	17 395 605	10 280 223

Sales revenue comprises revenue from the following metals:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Platinum	4 355 606	4 111 344	4 355 606	4 111 344
Palladium	5 185 373	2 825 852	5 185 373	2 825 852
Rhodium	5 792 822	1 800 531	5 792 822	1 800 531
Gold	214 412	143 330	214 412	143 330
Iridium	441 443	363 794	441 443	363 794
Ruthenium	237 893	249 512	237 893	249 512
Silver	4 063	1 890	4 063	1 890
Nickel	296 083	256 077	296 083	256 077
Copper	71 407	67 100	71 407	67 100
Cobalt	4 018	7 781	4 018	7 781
Chrome	599 767	660 032	183 401	290 749
UG2 ore	397 351	162 263	397 351	162 263
Toll treatment charges	211 733	–	211 733	–
	17 811 971	10 649 506	17 395 605	10 280 223

Sales revenue from external customers per metal and per operating segment

	Zondereinde operations 2020	Booysendal operations 2020	Eland operations 2020	US recycling operations 2020	Intercompany elimination 2020	Total 2020
	R000	R000	R000	R000	R000	R000
Platinum	4 355 606	1 703 269	325 516	16 325	(2 045 110)	4 355 606
Palladium	5 185 373	1 833 018	196 518	63 988	(2 093 524)	5 185 373
Rhodium	5 792 822	2 184 801	389 837	18 069	(2 592 707)	5 792 822
Gold	214 412	57 199	1 387	–	(58 586)	214 412
Iridium	441 443	150 354	21 737	–	(172 091)	441 443
Ruthenium	237 893	120 326	10 573	–	(130 899)	237 893
Silver	4 063	–	–	–	–	4 063
Nickel	296 083	72 833	4 124	–	(76 957)	296 083
Copper	71 407	13 192	476	–	(13 668)	71 407
Cobalt	4 018	–	–	–	–	4 018
Chrome	183 401	355 657	60 709	–	–	599 767
UG2 ore	397 351	–	–	–	–	397 351
Toll treatment charges	211 733	–	–	–	–	211 733
	17 395 605	6 490 649	1 010 877	98 382	(7 183 542)	17 811 971

Zondereinde purchases all of Booysendal’s and Eland’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.

Sales revenue from external customers per region and per operating segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations 2020	Booysendal operations 2020	Eland operations 2020	US recycling operations 2020	Total 2020
	R000	R000	R000	R000	R000
Europe	6 691 980	–	–	–	6 691 980
Japan	3 802 269	–	–	–	3 802 269
Asia	183 401	355 657	60 709	–	599 767
North America	5 781 664	–	–	–	5 781 664
South Africa	936 291	–	–	–	936 291
	17 395 605	355 657	60 709	–	17 811 971

Sales revenue from external customers per metal and per operating segment

	Zondereinde operations 2019	Booysendal operations 2019	Eland operations 2019	US recycling operations 2019	Intercompany elimination 2019	Total 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 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.

Sales revenue from external customers per region and per operating segment

Sales revenue emanates from the following principal regions:

	Zondereinde operations 2019	Booysendal operations 2019	Eland operations 2019	US recycling operations 2019	Total 2019
	R000	R000	R000	R000	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

The following customers each account for a significant portion of the total sales revenue of the group, either in the current or prior year:

	2020	2019
	R000	R000
Customer 1	196 237	458 522
Customer 2	3 662 465	1 808 417
Customer 3	739 583	865 655
Customer 4	934 446	737 375
Customer 5	4 327 746	1 730 212
Customer 6	4 946 545	2 601 953
Customer 7	599 767	660 032
Customer 8	1 289 482	562 096
Other	1 115 700	1 225 244
	17 811 971	10 649 506

4. Operating costs

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Employee costs	3 710 644	3 382 668	2 345 837	2 417 355
Stores	2 367 233	2 068 201	1 125 698	1 243 686
Utilities	1 121 301	945 329	764 262	732 322
Sundries and contractors	–	1 359 506	–	675 955
Sundries including profit share scheme	715 848	–	345 342	–
Royalties	228 374	–	197 372	–
Share-based payment expenses (refer note 35)	472 079	–	317 115	–
Toro Employee Empowerment Trust	84 574	–	84 574	–
Ore material purchased from surface sources	489 002	–	100 611	–
Contractors	1 010 835	–	548 827	–
Carbon tax	479	–	479	–
Rehabilitation (refer note 29)	6 726	–	(1 166)	–
Development costs capitalised to property, plant and equipment	(275 161)	–	–	–
Reallocated to care and maintenance	–	(148 543)	–	–
	9 931 934	7 607 161	5 828 951	5 069 318

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

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Employee costs	36.4	43.6	40.3	47.7
Stores	23.2	26.7	19.3	24.5
Utilities	11.0	12.2	13.1	14.5
Sundries and contractors	–	17.5	–	13.3
Sundries including royalties and costs associated with share based payment expenses and the profit share scheme	7.0	–	5.9	–
Royalties	2.2	–	3.4	–
Share-based payment expenses	4.6	–	5.4	–
Toro Employee Empowerment Trust contribution	0.8	–	1.5	–
Ore material purchased from surface sources	4.8	–	1.7	–
Contractors	9.9	–	9.4	–
Carbon tax	0.0	–	0.0	–
Rehabilitation	0.1	–	0.0	–
	100.0	100.0	100.0	100.0

Below are the operating costs per operating segment:

	Zondereinde operations 2020	Booysendal operations 2020	Eland operations 2020	US recycling operations 2020	Total 2020
	R000	R000	R000	R000	R000
Employee costs	2 345 837	1 136 532	220 082	8 193	3 710 644
Stores	1 125 698	1 071 865	169 459	211	2 367 233
Utilities	764 262	244 346	112 121	572	1 121 301
Sundries	345 342	315 039	49 271	6 196	715 848
Royalties	197 372	30 845	157	–	228 374
Share-based payment expenses	317 115	148 599	6 365	–	472 079
Toro Employee Empowerment Trust contribution	84 574	–	–	–	84 574
Ore material purchased from surface sources	100 611	6 805	381 586	–	489 002
Contractors	548 827	336 086	123 570	2 352	1 010 835
Carbon tax	479	–	–	–	479
Rehabilitation	(1 166)	10 986	(3 094)	–	6 726
Development costs capitalised to property, plant and equipment	–	–	(275 161)	–	(275 161)
	5 828 951	3 301 103	784 356	17 524	9 931 934

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

	Zondereinde operations 2020	Booysendal operations 2020	Eland operations 2020	US recycling operations 2020	Total 2020
	R000	R000	R000	R000	R000
Employee costs	40.3	34.4	20.8	46.7	36.4
Stores	19.3	32.5	16.0	1.2	23.2
Utilities	13.1	7.4	10.6	3.3	11.0
Sundries	5.9	9.6	4.6	35.4	7.0
Royalties	3.4	0.9	0.0	0.0	2.2
Share-based payment expenses	5.4	4.5	0.6	0.0	4.6
Toro Employee Empowerment Trust contribution	1.5	0.0	0.0	0.0	0.8
Ore material purchased from surface sources	1.7	0.2	36.0	0.0	4.8
Contractors	9.4	10.2	11.7	13.4	9.9
Carbon tax	0.0	0.0	0.0	0.0	0.0
Rehabilitation	0.0	0.3	(0.3)	0.0	0.1
	100.0	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
Employee costs*	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

** Employee costs previously included amounts relating to share-based payment expenses and the Toro Employee Empowerment Trust contributions.*

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
Employee costs	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

Detail of operating costs are provided for improved disclosure:

	Zondereinde operations 2019 R000	Booysendal operations 2019 R000	Eland operations 2019 R000	US recycling operations 2019 R000	Total 2019 R000
Total employee costs disclosed	2 417 355	915 153	42 702	7 458	3 382 668
Employee costs	2 251 472	857 565	42 079	7 458	3 158 574
Share-based payment expenses	134 784	57 588	623	–	192 995
Toro Employee Empowerment Trust contribution	31 099	–	–	–	31 099
Stores	1 243 686	792 347	31 839	329	2 068 201
Utilities	732 322	188 950	23 321	736	945 329
Sundries	59 650	259 634	29 670	5 794	354 748
Royalties	72 742	18 756	53	–	91 551
Contractors	526 679	295 330	34 425	2 104	858 538
Rehabilitation	16 884	37 785	–	–	54 669
Development costs capitalised to property, plant and equipment	–	–	(138 398)	(10 145)	(148 543)
	5 069 318	2 507 955	23 612	6 276	7 607 161

Key management compensation is disclosed in the related party note (refer to note 46).

5. Investment income

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Interest received on cash and cash equivalents	91 134	26 053	88 357	23 651
Dividend income received from short-term investments	8 820	3 398	6 461	684
Interest from subsidiaries	–	–	95 195	98 112
Interest received from suspensive sales agreements	6 500	8 135	–	–
Interest received relating to the Northam Platinum Restoration Trust Fund (refer note 18)	8 398	11 331	4 180	5 665
Interest received relating to the Buttonshope Conservancy Trust	1 342	1 319	–	–
Accrued dividends from Zambezi Platinum (RF) Limited (refer note 15 and 34)	–	–	299 678	35 473
Deemed interest on the interest free home loans	1 425	1 818	879	1 293
Interest received from the South African Revenue Service	1 025	4 206	592	4 073
Other	576	–	–	–
	119 220	56 260	495 342	168 951

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

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Interest recognised on the effective interest rate method	110 400	52 862	488 881	168 267
Dividend income received from short-term investments	8 820	3 398	6 461	684
Total investment income	119 220	56 260	495 342	168 951

6. Finance charges excluding preference share dividends

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Finance costs relating to the domestic medium-term notes	(347 728)	(169 740)	(347 728)	(169 740)
Finance costs relating to the revolving credit facility	(213 636)	(213 671)	(213 636)	(213 671)
Finance costs relating to the general banking facility	(18 475)	–	(18 475)	–
Amounts capitalised in terms of IAS 23 Borrowing costs (refer note11)	145 096	294 828	–	–
Commitment and utilisation fees on borrowing facilities	(18 590)	(9 724)	(18 590)	(9 724)
Amortisation of the transaction costs relating to the domestic medium-term notes (refer note 33)	(32 545)	(7 585)	(32 545)	(7 585)
Amortisation of the transaction costs relating to the revolving credit facility (refer note 36)	(17 424)	(5 410)	(17 424)	(5 410)
Unwinding of rehabilitation liability (refer note 29)	(66 578)	(62 732)	(13 905)	(12 917)
Unwinding of a research and development liability with Heraeus Deutschland Gmbh & Co. KG (refer note 30)	(21 218)	(6 458)	(21 218)	(6 458)
Finance cost relating to lease liabilities (refer note 31)	(8 397)	–	(1 608)	–
Other financial liabilities	(3 100)	(3 535)	(143)	(108)
	(602 595)	(184 027)	(685 272)	(425 613)

7. Sundry income

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Insurance proceeds relating to a business interruption claim (refer note 50)	192 210	–	192 210	–
Treatment charges in respect of concentrate purchased	–	1 433	–	1 433
Rent received	1 731	5 432	1 619	1 761
Sale of scrap	8 245	17 258	3 364	5 471
Profit on sale of property, plant and equipment	4 276	6 635	4 225	6 745
Accommodation and housing income	10 292	31 240	7 470	29 248
Environmental guarantee investment income (refer note 19)	2 370	1 419	596	709
Management fees received from associate (refer note 46)	2 249	2 160	–	–
Profit on modification of the agreement terms relating to the research and development liability with Heraeus Deutschland Gmbh & Co. KG (refer note 30)	13 782	–	13 782	–
Reversal of impairment in the Zambezi Platinum (RF) Limited preference shares (refer note 15)	–	–	–	11 075
Amortisation of financial guarantee liability and impact of guarantee on investment	–	–	94 900	–
Other income	3 748	11 895	3 352	8 477
	238 903	77 472	321 518	64 919

The amortisation of financial guarantee liability and impact of guarantee on investment amount is made up as follows:

Amortisation of financial guarantee liability (refer note 32)	–	–	2 525 810	–
Impact of guarantee on the valuation of the investment in Zambezi Platinum (RF) Limited preference shares and fair value adjustment (refer note 15)	–	–	(2 430 910)	–
	–	–	94 900	–

8. Sundry expenditure

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Corporate action costs and once-off project costs	(11 661)	(33 364)	(11 661)	(33 364)
Booysendal land management, including depreciation relating to the Buttonshope Conservancy Trust	(7 049)	(5 678)	–	–
Booysendal South care and maintenance	–	(13 036)	–	–
Eland care and maintenance as well as project costs	–	(138 398)	–	–
Accommodation and housing expenses	(12 312)	(36 504)	(8 763)	(31 334)
Black Economic Empowerment Trust operating costs (refer note 46)	(5 753)	(4 085)	–	–
Administrative costs relating to Zambezi Platinum (RF) Limited (refer note 46)	(1 387)	(2 061)	(1 387)	(2 061)
Recycling operation care and maintenance costs including depreciation charges	–	(10 145)	–	–
Standing time and transition costs	(153 975)	(36 033)	(111 730)	–
Environmental guarantee cost (refer note 19)	(3 754)	–	(1 425)	–
Donation to the Northam Employee Trust	–	–	(1 000)	(1 000)
Employee Labour Court compensation (refer note 49)	–	(55 000)	–	(55 000)
Impairment of property, plant and equipment (refer note 50)	(2 061)	–	(2 061)	–
Donations	(3 599)	–	(3 552)	–
COVID-19 donation to the Northam Zondereinde Community Trust	–	–	(1 000)	–
Other expenditure	(42 236)	(23 409)	(31 204)	(12 043)
	(243 787)	(357 713)	(173 783)	(134 802)

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 10-year lock-in period.

9. Taxation

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Income tax				
Current mining income tax charge	573 478	–	573 477	–
Current non-mining income tax charge	113 623	37 457	108 164	34 129
Adjustment in respect of current income tax of previous years	18 775	9 606	20 307	371
	705 876	47 063	701 948	34 500
Dividend withholding tax				
Current year withholding tax	201	543	–	–
Prior year withholding tax	(323)	–	–	–
	(122)	543	–	–
Deferred tax				
Current and prior year deferred tax charge	758 724	594 248	154 517	234 557
	758 724	594 248	154 517	234 557
Income tax expense reported in profit or loss	1 464 478	641 854	856 465	269 057

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	%	%	%
South African normal tax rate	28.0	28.0	28.0	28.0
Adjustment in respect of current income tax of previous years	0.5	1.4	–	–
Adjustment on opening balance of unredeemed capital expenditure	–	–	0.7	–
Exempt income received	(0.6)	(1.2)	(3.5)	(1.6)
Expenditure and contingencies incurred which is not deductible	0.1	1.1	2.5	0.6
Amortisation of liquidity fees paid on preference shares	0.1	0.7	–	–
Preference share dividends disallowable	8.7	52.1	–	–
Loss on derecognition of preference share liability	1.0	–	–	–
Deferred tax asset not raised	2.5	9.3	–	–
Effective tax rate	40.3	91.4	27.7	27.0

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 R321.2 million (2019: R232.5 million) has been raised relating to Eland Platinum Proprietary Limited.

10. Reconciliation of headline earnings per share and dividend per share

	Group	
	2020	**2019**
	R000	R000
Profit for the year	2 169 184	60 093
Profit on sale of property, plant and equipment	(4 276)	(6 635)
Tax effect on profit on sale of property, plant and equipment	1 197	1 858
Impairment of property, plant and equipment	2 061	–
Tax effect on impairment of property, plant and equipment	(577)	–
Headline earnings	2 167 589	55 316
Reconciliation of the fully diluted number of shares in issue		
Weighted average number of shares in issue	349 875 759	349 875 759
Adjusted for:		
Performance and retention share options including the lock-in and incentive mechanism share options	–	–
Potential shareholding as a result of the Zambezi Platinum (RF) Limited preference share holding	–	–
Potential share issue as a result of the residual asset value in Zambezi Platinum (RF) Limited to strategic partners*	21 126 841	–
	371 002 600	349 875 759

** Calculated as the net asset value of Zambezi Platinum (RF) Limited relating to the strategic partners 74.5% shareholding in Zambezi Platinum (RF) Limited taking into account the share price at year end.*

	Group	
	2020	**2019**
	R000	R000
Earnings per share – cents	620.0	17.2
Fully diluted earnings per share – cents	584.7	17.2
Headline earnings per share – cents	619.5	15.8
Fully diluted headline earnings per share – cents	584.3	15.8
Dividends per share	–	–
Weighted average number of shares in issue	349 875 759	349 875 759
Fully diluted number of shares in issue	371 002 600	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

The weighted average number of ordinary shares in issue outside the group for the purposes of calculating the earning per share is calculated as the number of shares in issue less the treasury shares held.

Earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year under review. Headline earnings per share is based on the headline earnings and is reconciled to profit attributable to shareholders as per the note above.

Fully diluted earnings per share amounts are calculated by dividing the profit 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 per share are based on the headline earnings and the average number of potential diluted shares in issue.

11. Property, plant and equipment

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

	Shafts, mining development and infrastructure	**Metallurgical and refining plants**	**Land and buildings**	**General infrastructure including other assets**	**Decommis-sioning asset**	**Right-of-use assets**	**Assets under construction**	**Total**
Group	R000	R000	R000	R000	R000	R000	R000	R000
Cost								
Opening balance as at 1 July 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 (refer note 21)	–	–	–	–	–	–	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 (refer note 29)	–	–	–	–	(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
Impact of adoption of IFRS 16 Leases	–	–	–	–	–	88 992	–	88 992
Reassessment of IFRS 16 Leases	–	–	–	–	–	(31)	–	(31)
Foreign currency translation movements	–	5 884	27 942	–	–	–	–	33 826
Amounts transferred from non-current prepayments (refer note 21)	–	–	–	–	–	–	1 322	1 322
Additions	–	–	25 041	–	–	–	2 341 540	2 366 581
Transfer from assets under construction	1 104 634	409 986	3 109	56 214	–	–	(1 573 943)	–
Disposals and write-offs	–	(123)	(837)	(178)	–	–	–	(1 138)
Impairments (refer note 50)	(2 061)	–	–	–	–	–	–	(2 061)
Derecognition of decommissioning asset (refer note 29)	–	–	–	–	(23 436)	–	–	(23 436)
Borrowing costs capitalised	–	–	–	–	–	–	145 096	145 096
Closing cost as at 30 June 2020	12 239 275	4 443 377	814 689	634 023	343 894	88 961	2 150 138	20 714 357

	Shafts, mining development and infrastructure	**Metallurgical and refining plants**	**Land and buildings**	**General infrastructure including other assets**	**Decommis-sioning asset**	**Right-of-use assets**	**Assets under construction**	**Total**
Group	R000	R000	R000	R000	R000	R000	R000	R000
Accumulated depreciation								
Opening balance as at 1 July 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 (refer note 29)	–	–	–	–	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)
Foreign currency translation movements	–	(1 492)	(3 586)	–	–	–	–	(5 078)
Depreciation	(364 031)	(124 599)	(23 558)	(39 761)	(833)	(14 286)	–	(567 068)
Disposals and write-offs	–	28	563	142	–	–	–	733
Accumulated depreciation balance as at 30 June 2020	(2 766 295)	(922 765)	(240 999)	(233 360)	(14 119)	(14 286)	–	(4 191 824)
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
Net book value as at 30 June 2020	9 472 980	3 520 612	573 690	400 663	329 775	74 675	2 150 138	16 522 533

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	General infrastructure including other assets R000	Decommis-sioning asset R000	Right-of-use assets R000	Assets under construction R000	Total R000
Cost								
Opening balance as at 1 July 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 (refer note 29)	–	–	–	–	(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
Impact of adoption of IFRS 16 Leases	–	–	–	–	–	16 913	–	16 913
Additions	–	–	8 200	–	–	–	640 184	648 384
Transfer from assets under construction	112 654	129 020	3 109	5 469	–	–	(250 252)	–
Disposals and write-offs, including derecognition of amounts relating to decommissioning asset (refer to note 29)	(5 330)	–	(761)	(177)	–	–	–	(6 268)
Impairments (refer note 50)	(2 061)	–	–	–	–	–	–	(2 061)
Closing cost as at 30 June 2020	3 888 974	1 896 556	463 253	412 980	–	16 913	408 816	7 087 492

Company	Shafts, mining development and infrastructure R000	Metallurgical and refining plants R000	Land and buildings R000	General infrastructure including other assets R000	Decommis-sioning asset R000	Right-of-use assets R000	Assets under construction R000	Total R000
Accumulated depreciation								
Opening balance as at 1 July 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 (refer note 29)	–	–	–	–	26 786	–	–	26 786
Accumulated depreciation balance as at 30 June 2019	(1 474 484)	(474 434)	(191 013)	(138 475)	–	–	–	(2 278 406)
Depreciation	(69 255)	(47 802)	(11 733)	(25 445)	–	(2 671)	–	(156 906)
Disposals and write-offs	–	–	562	142	–	–	–	704
Accumulated depreciation balance as at 30 June 2020	(1 543 739)	(522 236)	(202 184)	(163 778)	–	(2 671)	–	(2 434 608)
Net book value as at 30 June 2019	2 309 227	1 293 102	261 692	269 213	–	–	18 884	4 152 118
Net book value as at 30 June 2020	2 345 235	1 374 320	261 069	249 202	–	14 242	408 816	4 652 884

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: Capitalisation of borrowing costs in terms of IAS 23 Borrowing costs

IAS 23 Borrowing costs require 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.

The development of Booysendal South has previously been designated as a qualifying asset.

On 26 June 2019, it was announced that mining operations at the Kukama shaft situated at Eland mine will commence in the new financial year (F2020), the development came after the successful conclusion of a feasibility study for the Kukama project. Therefore, the Kukama shaft has also been designated as a qualifying asset.

Borrowing costs on both Booysendal South and the Kukama shaft have been capitalised on consolidation at the average cost of borrowings, taking into account the cost of borrowings for the revolving credit facility, the general banking 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 11.38% (2019: 12.84%)

An amount of R145.1 million was capitalised during the year under review (2019: R294.8 million). Refer note 6.

Impact of COVID-19 on capitalisation of borrowing costs in terms of IAS 23 Borrowing costs

Per IAS 23 paragraph 20, an entity shall suspend capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

IAS 23 does not specify how long an extended period of suspension of active development is.

The lockdown enacted in South Africa on 26 March 2020 and subsequent controlled restart of all mining operations is considered an extended period.

Capitalisation of borrowing costs was therefore suspended from the end of February 2020 to year-end, as the length of the lockdown and the period to recommence the various projects would not ordinarily be expected for construction of these qualifying assets.

12. Mining properties and Mineral Resources

Group	Current production Mineral Reserves and Mineral Resources R000	Project Mineral Reserves and Mineral Resources R000	Total R000
Cost			
Opening balance as at 1 July 2018	2 025 809	5 028 056	7 053 865
Additions	355	–	355
Restated closing balance as at 30 June 2019	2 026 164	5 028 056	7 054 220
Additions	–	–	–
Closing balance as at 30 June 2020	2 026 164	5 028 056	7 054 220
Accumulated depreciation			
Opening balance as at 1 July 2018	(288 475)	–	(288 475)
Depreciation	(43 194)	–	(43 194)
Closing balance as at 30 June 2019	(331 669)	–	(331 669)
Depreciation	(59 126)	–	(59 126)
Closing balance as at 30 June 2020	(390 795)	–	(390 795)
Net book value as at 30 June 2019	1 694 495	5 028 056	6 722 551
Net book value as at 30 June 2020	1 635 369	5 028 056	6 663 425

Company	Current production Mineral Reserves and Mineral Resources R000	Project Mineral Reserves and Mineral Resources R000	Total R000
Cost			
Opening 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
Additions	–	–	–
Closing balance as at 30 June 2020	1 288 833	–	1 288 833
Accumulated depreciation			
Opening balance as at 1 July 2018	(158 194)	–	(158 194)
Depreciation	(19 916)	–	(19 916)
Closing balance as at 30 June 2019	(178 110)	–	(178 110)
Depreciation	(30 584)	–	(30 584)
Closing balance as at 30 June 2020	(208 694)	–	(208 694)
Net book value as at 30 June 2019	1 110 723	–	1 110 723
Net book value as at 30 June 2020	1 080 139	–	1 080 139

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 the mine.

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

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

		Group		**Company**	
		2020	**2019**	**2020**	**2019**
Long-term real platinum price	USD/oz	846	1 357	846	1 357
Long-term real palladium price	USD/oz	1 817	1 357	1 817	1 357
Long-term real rhodium price	USD/oz	7 267	3 846	7 267	3 846
Long-term real gold price	USD/oz	1 544	1 176	1 544	1 176
Long-term ruthenium prices	USD/oz	273	271	273	271
Long-term iridium prices	USD/oz	1 453	1 357	1 453	1 357
Long-term real nickel prices	USD/t	9 027	11 181	9 027	11 181
Long-term real copper prices	USD/t	4 373	5 881	4 373	5 881
Long-term real chrome prices	USD/t	136	181	136	181
Long-term real exchange rate USD	USD/ZAR	R15.47	R12.47	R15.47	R12.47
Long-term real discount rate	%	12.00	11.50	12.00	11.50

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

Impact of COVID-19 on impairment of assets and assessment of cash generating units

The lockdown enacted in South Africa on 26 March 2020 resulted in the suspension of normal operations. The phased restart of mining, announced on 16 April 2020, allows for a controlled build-up to, initially, 50% and then 100% of normal productions – this will take some time to achieve. The lockdown resulted in loss of production, and consequently reduced sales revenue and increased unit production costs for the current financial year and is budgeted to impact these in F2021.

In light of the economic uncertainty related to COVID-19 management has developed a decisive, detailed and immediate action plan to protect the company and its employees. The action plan has been focused on cash preservation and a structured, steady return to normal operations. It has included immediately reducing and curtailing capital expenditure through the suspension or slowing down of a number of growth projects:

- at Booysendal South (BS) – the Central Merensky decline has been suspended;
- the 3 shaft access project at Zondereinde has been suspended, but piloting of the planned raise bored shaft will continue; and
- Eland stoping ramp-up has been postponed for a minimum of 12 months. However, development of the Kukama declines will continue.

Despite this pull back on growth capital expenditure, our growth strategy of developing low-cost, long-life operations remains firmly in place. This will benefit the group by improving our relative position on the sector cost curve.

Forecasted production has also been revised to take cognisance of the phased restart of mining operations, especially at Zondereinde, which is a deep level, labour-intensive mine.

Appropriate sensitivity analysis have been performed and all key assumptions have been updated to take into account the impacts of the COVID-19 pandemic.

The global economic outlook remains uncertain, resulting in volatile metal markets and exchange rates. The group's financial performance will depend on achieving favourable metal sales prices and a stable operating performance.

Incorporating updated assumptions into the impairment assessment indicates that the recoverable value of all CGUs are still in excess of the carrying value and therefore no impairment is required.

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:

		Group		Company	
		2020	**2019**	**2020**	**2019**
4E *in situ* available ounces value	USD/oz	4.33	3.30	4.33	3.30

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

Impact of COVID-19 on the recoverable amount of Mineral Resources (based on the *in situ* 4E available ounces) outside the approved mine plans

As part of the annual assessment of the recoverable value of Mineral Resources the impact of COVID-19 was included in determining the valuation, as market information was used to evaluate the 4E *in situ* ounce valuation.

Based on the valuation, taking into account market inputs, the recoverable value of all Mineral Resources were in excess of the carrying value and therefore there is no requirement for impairment.

Significant judgements and estimates: Mineral Reserves and Mineral Resource estimates (life of mine)

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

Mineral 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 Mineral 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 Mineral 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 Mineral Reserves 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 Mineral 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 Mineral Reserves and Mineral Resources estimates:

- the grade of Mineral Reserves may vary between estimations made and actual grade achieved
- commodity price estimations will be different to those actually achieved
- changes in discount rates and foreign exchange rate assumptions; and
- 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.

The impact of COVID-19 does not affect the geological data informing the Mineral Reserves and Mineral Resources estimates.

The impact of the COVID-19 pandemic does not affect the geological data informing the Mineral Reserves and Mineral Resources estimates.

Geological data takes into account the size, depth and shape of the ore body, and require complex geological interpreting judgements, none of which are impacted by the pandemic.

The estimation of the recoverability of the Mineral Reserves takes into account market factors such as foreign exchange rates, commodity prices, future capital requirements, and production costs along with the geological assumptions and judgements discussed above.

These market related inputs take into consideration the impact of COVID-19 on market valuation and hence the impact on assumptions used to value Mineral Reserves and Mineral Resources.

Based on the valuation performed the recoverable value of all Mineral Reserves and Mineral Resources are in excess of the carrying value and therefore no impairment is required as a result of the impact of COVID-19 on market inputs.

13. Interest in associate

Interest in associate comprise a 33.7% interest (2019: 30% interest) in SSG Holdings Proprietary Limited, a company registered in the Republic of South Africa.

At the end of February 2020, an 11% shareholding in SSG Holdings Proprietary Limited was repurchased by SSG Holdings Proprietary Limited and cancelled, this resulted in Northam Platinum Limited's shareholding increasing from 30% to 33.7%.

The investment in SSG Holdings Proprietary Limited is accounted for as an associate.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
SSG Holdings Proprietary Limited	62 657	46 299	–	–
	62 657	46 299	–	–

The investment in associate is considered significant.

Below is a reconciliation of the interest in associate:

	Interest in SSG Holdings Proprietary Limited
	R000
Opening balance as at 1 July 2018	35 146
Share of profits from associate	11 153
Closing balance as at 30 June 2019	46 299
Share of profits from associate	16 358
Closing balance as at 30 June 2020	62 657

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	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Net asset value of SSG Holdings Proprietary Limited	85 429	81 939	–	–
Northam Platinum Limited's 33.7% share of net asset value	28 796	24 582	–	–
Impact of the adoption of IFRS 9	451	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	–	–
Fair value adjustment with the cancellation of 11% shares in SSG Holdings Proprietary Limited, increasing the investment from 30% to 33.7%	12 144	–	–	–
Value of investment in associate based on the equity method of accounting	62 657	46 299	–	–

Refer to note 46, Related parties, detailing all transactions between the group and SSG Holdings Proprietary Limited

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 2020	**SSG Holdings Proprietary Limited 2019**
	R000	R000
Revenue	877 645	771 217
Cost of sales	(105 925)	(30 389)
Gross profit	771 720	740 828
Other income	7 985	3 079
Operating expense	(714 709)	(686 798)
Investment revenue	557	78
Finance costs	(9 607)	(8 013)
Profit before taxation	55 946	49 174
Taxation	(4 464)	(11 998)
Total comprehensive income for the year	51 482	37 176

Statement of financial position of SSG Holdings Proprietary Limited

	SSG Holdings Proprietary Limited 2020	**SSG Holdings Proprietary Limited 2019**
	R000	R000
Non-current assets	90 830	92 807
Property, plant and equipment	78 052	81 132
Goodwill	3 000	3 500
Loans to shareholders	–	2 993
Deferred tax asset	9 778	5 182
Current assets	199 023	168 917
Inventory	6 186	4 705
Trade and other receivables	178 315	161 019
Current tax receivable	1 711	1 429
Cash and cash equivalents	12 811	1 764
Total assets	289 853	261 724
Equity	85 429	81 939
Non-current liabilities	62 591	42 206
Finance lease liabilities	34 625	42 206
Other financial liabilities	27 966	–
Current liabilities	141 833	137 579
Trade and other payables	64 172	72 176
Finance lease liabilities	26 224	23 384
Current tax payable	866	–
Bank overdraft	50 571	42 019
Total equity and liabilities	289 853	261 724

14. Investment in subsidiaries

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

	Company	
	2020	**2019**
	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	142 119
Mining Technical Services Proprietary Limited	*	*
Mvelaphanda Resources Proprietary Limited	–	–
Norplats Properties Proprietary Limited	*	*
Zambezi Platinum (RF) Limited	*	*
	12 353 207	12 353 207

** 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, are 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 (2019: 284) ordinary shares are held in Booysendal Platinum Proprietary Limited representing a 100% equity interest.

6 150 (2019: 6 150) ordinary shares are held in Eland Platinum Proprietary Limited representing a 100% equity interest to the value of R325.0 million (2019: R325.0 million).

Northam Platinum Limited holds 10 (2019: 10) shares in Northam Platinum Investments (US) Incorporated with a value of USD1.00 per share.

120 (2019: 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 (2019: 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 (2019: 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 (Zambezi) as a protective right. Zambezi 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 Memorandum of Incorporation (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 grants Northam 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 written 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 46, which forms part of these notes.

15. Other investments

	Company 2020	2019
	R000	R000
Investment in Zambezi Platinum (RF) Limited preference shares at fair value	306 734	249 618
Preference shares acquired during the year at cost	3 756 207	–
Accrued dividends from Zambezi Platinum (RF) Limited (note 5)	299 678	35 473
Mark to market fair value adjustment	(10 568)	10 568
Reversal of the prior year impairment (refer note 7)	–	11 075
Elimination of the Northam guarantee included in the market value of the preference share valuation	(2 430 910)	–
	1 921 141	306 734

Northam Platinum Limited holds 53 595 254 (2019: 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, taking into account the impact of the Northam guarantee included in the market value of the preference share valuation.

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

	Company 2020	2019
Number of shares held at year end	53 595 254	4 230 819
Closing market value of Zambezi Platinum (RF) Limited preference shares trading as preference share code: ZPLP	R81.00	R72.50

Subsequent to year-end, Northam Platinum Limited acquired an additional 21 134 297 Zambezi preference shares, increasing the holding in the total number of Zambezi preference shares to 46.7%.

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

	Company 2020	2019
	R000	R000
Fair value (impairment)/adjustment accounted through other comprehensive income	(10 568)	10 568
Deferred tax calculated at the capital gains tax rate	2 367	(2 367)
Amounts recognised in other comprehensive income	(8 201)	8 201

16. Land and township development

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Balance at the beginning of the year	71 414	65 680	16 600	45 444
Acquisitions				
Costs incurred with regards to Norplats Properties Proprietary Limited	1 442	2 296	–	–
Disposals				
Portion 22 of the farm Leeukopje, Northam extension 10	(6 770)	(28 721)	(6 770)	(28 721)
Phelobontle, Mogwase units	(1 483)	(3 335)	(1 483)	(3 335)
Norplats Properties Proprietary Limited units	(2 042)	(1 969)	–	–
Lydenburg units	(1 319)	–	–	–
Development				
Construction of 69 units on portion 22 of the farm Leeukopje, Northam extension 10	393	1 503	393	1 503
Town planning portion 4 & 9 of the farm Koedoesdoorns	2 055	1 709	2 055	1 709
Refurbishments of Phelobontle Mogwase	31	–	31	–
Construction at extension 78 & 79 Lydenburg	12 246	34 251	–	–
Balance at the end of the year	75 967	71 414	10 826	16 600

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

17. Long-term receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Long-term receivables with regards to suspensive sale agreements	61 573	70 585	–	–
Interest free home loans	36 327	25 998	26 756	19 083
Total long-term receivables	97 900	96 583	26 756	19 083
Current portion of suspensive sale agreements included in trade and other receivables (refer note 24)	(5 415)	(3 423)	–	–
Current portion of interest free home loans (refer note 24)	(10 253)	(7 624)	(7 534)	(5 232)
Long-term portion of long-term receivables	82 232	85 536	19 222	13 851

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 solely based on a portion of the value of the property acquired by the employee and are repayable over a maximum of 20 years from grant date. The average remaining repayment period is between 10 and 20 years. Furthermore, these loans are secured by a second bond over the residential properties.

As at 30 June 2020 there was R2.7 million (2019: R3.3 million) worth of suspensive sale agreements which were impaired and fully provided for.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Current portion	15 668	11 047	7 534	5 232
Due within 1 – 5 years	42 098	37 388	5 069	3 288
Due within 5 – 10 years	29 669	39 613	5 647	3 905
More than 10 years	10 465	8 535	8 506	6 658
	97 900	96 583	26 756	19 083

The interest free home loans are not in default nor impaired. Monthly instalments relating to the interest free home loans are deducted from employees' salaries on a monthly basis. Should an employee resign, the interest free home loan needs to be settled in full.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Not in default nor impaired	61 573	70 585	–	–
	61 573	70 585	–	–

Significant judgements and estimates – Long-term receivables and the Expected Credit Losses (ECL)

An assessment of the expected credit losses relating to long-term receivables is undertaken in terms of the requirements of IFRS 9 Financial Instruments at every reporting period. The balance of outstanding long-term receivable amounts relating to the suspensive sale agreements are examined and the expected amounts which are considered to be unrecoverable based on the impairment policy of the group are provided for.

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 are applied by management in determining the potential impairment:

Suspensive sale agreements

- All overdue amounts as at the end of the current year are provided for in full. These are included in stage 2 of the impairment assessment model based on the general approach.
- The suspensive sale agreement balances are tested for impairment in accordance with IFRS 9 Financial Instruments, taking into account the security held in the form of the title to the houses.
- Any suspensive sale agreements which were handed over to the group's lawyers for legal processing, in stage 3, take into account the market value of the houses being higher than the outstanding balances of these default loans, when calculating the expected credit loss.

Interest free home loans

- No amounts relating to the interest free home loans have been provided for as they are not in default 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.

Impact of COVID-19 on long-term receivables and the Expected Credit Losses (ECL)

The volatility of prevailing interest rates due to the COVID-19 pandemic, and the corresponding impact on the recoverability of long-term receivables should be considered as part of the determination of ECL.

Long-term receivables relate to balances due by employees in respect of Northam Platinum Limited's home ownership programme under suspensive sale agreements and interest free home loans to qualifying employees.

For suspensive sale agreements, the legal title for those properties remain with the group until full and final settlement occurs and therefore serves as security for these receivables until full payment has been received.

Interest free home loan repayments are deducted from employee's salaries on a monthly basis and are secured with a second mortgage bond over the property. In the event of an employee resigning, any outstanding balance is required to be settled in full.

When considering the impact of the COVID-19 pandemic, the probability of the recoverability of these assets remains high. In order to assist and support our employees, Northam Platinum Limited paid all employees throughout the national lockdown, including those not yet called back to work during the phased restart. This included paying basic salaries, full medical cover, pension contributions and living out allowances. In addition, those not at work were deemed to be absent with permission, such that their leave and sickness allowances were not impacted.

All overdue amounts are provided for in terms of IFRS 9 at the end of every reporting period and amounts recognised as receivables are those amounts still recoverable. Therefore, consideration to the impact of the COVID-19 pandemic has been taken into account in the ECL model assessment, with additional anticipated losses due to the COVID-19 pandemic being provided for in line with the 3-stage assessment approach.

The impact of the COVID-19 pandemic is therefore included in the assessment of all outstanding balances, however this impact has been assessed as negligible.

18. 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	
	2020	2019	2020	2019
	R000	R000	R000	R000
Balance at the beginning of the year	120 080	110 626	60 040	55 333
Income earned during the year (note 5)	8 652	9 454	4 326	4 707
Balance at the end of the year	128 732	120 080	64 366	60 040

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	
	2020	2019	2020	2019
	R000	R000	R000	R000
Stanlib Balanced Fund R	1 952	1 874	976	937
Stanlib Income Fund B2	85 556	76 982	42 778	38 491
Stanlib Institutional Money Market Fund B3	41 224	41 224	20 612	20 612
Balance at the end of the year	128 732	120 080	64 366	60 040

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 19.

For details with regards to the rehabilitation and decommissioning liability provision, refer to note 29.

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 24).

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Accrued interest relating to the Northam Platinum Restoration Trust Fund	1 623	1 877	812	958
	1 623	1 877	812	958

19. 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	
	2020	2019	2020	2019
	R000	R000	R000	R000
Balance at the beginning of the year	42 043	68 899	27 037	55 633
Cancellation of previous policy	–	(66 424)	–	(56 986)
Contributions made during the year	23 562	38 149	8 325	27 681
Income earned during the year (net of fees) (refer note 7)	2 370	1 419	596	709
Guarantee fees (refer note 8)	(3 754)	–	(1 425)	–
Other	(1 268)	–	(1 257)	–
Balance at the end of the year	62 953	42 043	33 276	27 037

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 environmental guarantees issued:

	Group		Company	
	2020	2019	2020	2019
	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	–	–
CQ/G/30381/0919/006	2 200	–	–	–
CQ/G/30381/1119/007	5 359	–	–	–
CQ/G/30381/1119/008	1 559	–	–	–
CQ/G/30381/0120/009	302	–	–	–
Total guarantees relating to Eland Platinum Proprietary Limited	170 061	160 641	–	–
Total environmental guarantees in issue	410 838	401 418	142 350	142 350

20. Buttonshope Conservancy Trust

The balance of the fund comprises:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Balance at the beginning of the year	13 218	12 203	–	–
Contributions received from Booysendal Platinum Proprietary Limited	500	475	–	–
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)	1 393	778	–	–
Accrued interest received	532	–	–	–
Fair value adjustments	(51)	(3)	–	–
Funds utilised to acquire a property	–	(16 841)	–	–
Less expenditure paid during the year	(115)	(92)	–	–
Insurance claim proceeds	373	–	–	–
Balance at the end of the year	15 850	13 218	–	–

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 R3.0 million (2019: R4.9 million) are invested with Standard Bank Limited in a call account and R12.8 million (2019: R8.3 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.

Booysendal Platinum Proprietary Limited will donate a fixed amount of R400 000 per annum, with effect from F2016, regardless of the operational performance with a fixed increase of R25 000 per annum. During the current financial year an amount of R500 000 was donated (2019: R475 000).

Below is a reconciliation of the amount held in escrow:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Opening balance of amounts held in escrow	16 841	–	–	–
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	–	–
Amounts transferred to property, plant and equipment	(16 841)	–	–	–
	–	16 841	–	–

Booysendal Platinum Proprietary Limited donated R16.7 million 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.

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

Other properties held by the Buttonshope Conservancy Trust includes Portion 1 of Sheeprun 50, property measuring 256.9596 hectares held under Title deed T4813/2017 as well as portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province.

21. Long-term prepayments

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

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance	563	89 608	–	–
Amounts paid to Doppelmayr Transport Technology GmbH	759	212 817	–	–
Amounts transferred to property, plant and equipment (refer note 11)	(1 322)	(301 862)	–	–
	–	563	–	–

22. Subsidiary loans

	Company	
	2020	2019
	R000	R000
Long-term subsidiary loans receivable		
Eland Platinum Proprietary Limited	797 078	470 598
Total long-term subsidiary loans	797 078	470 598
Short-term subsidiary loans receivable		
Booysendal Platinum Proprietary Limited	–	546 469
Norplats Properties Proprietary Limited	51 723	57 148
Mining Technical Services Proprietary Limited	20 970	8 669
Northam Platinum Investments (US) Incorporated	405	370
Northam Recovery Services LLC	24 643	22 565
Northam Property Company LLC	7 401	4 518
Total short-term subsidiary loans receivable	105 142	639 739
Short-term subsidiary loans payable		
Booysendal Platinum Proprietary Limited	(1 331 532)	–
Mvelaphanda Resources Proprietary Limited	(6 600)	–
Total short-term subsidiary loans payable	(1 338 132)	–
Total subsidiary loans	(435 912)	1 110 337

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 46), which forms part of these notes.

23. Inventories

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Metals on hand and in transit				
Platinum	937 160	1 211 775	1 011 726	1 196 858
Palladium	1 356 869	1 273 034	1 437 059	1 246 674
Rhodium	1 872 656	978 049	2 134 524	968 005
Gold	35 273	52 977	39 412	52 651
Total metal inventories at the lower of cost and net realisable value	4 201 958	3 515 835	4 622 721	3 464 188
Less non-current metal inventories	(662 282)	–	(662 282)	–
Current metal inventory at the lower of cost and net realisable value	3 539 676	3 515 835	3 960 439	3 464 188
Consumable at cost at the lower of cost and net realisable value	204 637	246 840	54 366	73 962
Total inventories at the lower of cost and net realisable value	3 744 313	3 762 675	4 014 805	3 538 150

Below is a breakdown of inventory disclosed as own production, purchased material and classified as non-current inventory:

	Own production	**Purchased material**	**Total metal inventories**	**Non-current metal inventories**	**Current metal inventories**
	2020	**2020**	**2020**	**2020**	**2020**
Group	R000	R000	R000	R000	R000
Platinum	800 417	136 743	937 160	(96 707)	840 453
Palladium	919 447	437 422	1 356 869	(383 268)	973 601
Rhodium	1 606 966	265 690	1 872 656	(177 620)	1 695 036
Gold	32 197	3 076	35 273	(4 687)	30 586
Total metal inventory	3 359 027	842 931	4 201 958	(662 282)	3 539 676

Detail of total metal inventory on hand are provided for improved disclosure:

	Own production	**Purchased material**	**Total metal inventories**	**Non-current metal inventories**	**Current metal inventories**
	2019	**2019**	**2019**	**2019**	**2019**
Group	R000	R000	R000	R000	R000
Platinum	1 200 671	11 104	1 211 775	–	1 211 775
Palladium	1 214 384	58 650	1 273 034	–	1 273 034
Rhodium	965 099	12 950	978 049	–	978 049
Gold	52 977	–	52 977	–	52 977
Total metal inventory	3 433 131	82 704	3 515 835	–	3 515 835

	Own production	**Purchased material**	**Total metal inventories**
	2020	**2020**	**2020**
Group	R000	R000	R000
Change in metal inventory for the year	(74 104)	760 227	686 123

Below is a breakdown of inventory disclosed as own production, purchased material and classified as non-current inventory:

	Own production	**Purchased material from group companies**	**Purchased material**	**Total metal inventories**	**Non-current metal inventories**	**Current metal inventories**
	2020	**2020**	**2020**	**2020**	**2020**	**2020**
Company	R000	R000	R000	R000	R000	R000
Platinum	507 557	367 142	137 027	1 011 726	(96 707)	915 019
Palladium	626 544	367 235	443 280	1 437 059	(383 268)	1 053 791
Rhodium	942 877	923 448	268 199	2 134 524	(177 620)	1 956 904
Gold	21 669	14 667	3 076	39 412	(4 687)	34 725
Total metal inventory	2 098 647	1 672 492	851 582	4 622 721	(662 282)	3 960 439

Detail of total metal inventory on hand are provided for improved disclosure:

	Own production	**Purchased material from group companies**	**Purchased material**	**Total metal inventories**	**Non-current metal inventories**	**Current metal inventories**
	2019	**2019**	**2019**	**2019**	**2019**	**2019**
Company	R000	R000	R000	R000	R000	R000
Platinum	1 051 973	144 885	–	1 196 858	–	1 196 858
Palladium	1 120 411	126 263	–	1 246 674	–	1 246 674
Rhodium	888 964	79 041	–	968 005	–	968 005
Gold	46 518	6 133	–	52 651	–	52 651
Total metal inventory	3 107 866	356 322	–	3 464 188	–	3 464 188

	Own production	**Purchased material from group companies**	**Purchased material**	**Total metal inventories**
	2020	**2020**	**2020**	**2020**
Company	R000	R000	R000	R000
Change in metal inventory for the year	(1 009 219)	1 316 170	851 582	1 158 533

Below is a breakdown of inventory disclosed as own production, purchased material and classified as non-current inventory:

	Own production	Purchased material	Total metal inventories	Non-current metal inventories	Current metal inventories
	2020	2020	2020	2020	2020
Group	oz	oz	oz	oz	oz
Platinum	112 015	11 315	123 330	(13 772)	109 558
Palladium	54 016	14 430	68 446	(15 772)	52 674
Rhodium	22 818	2 520	25 338	(3 859)	21 479
Gold	2 955	103	3 058	(966)	2 092
4E	191 804	28 368	220 172	(34 369)	185 803

Detail of total metal inventory on hand are provided for improved disclosure:

	Own production	Purchased material	Total metal inventories	Non-current metal inventories	Current metal inventories
	2019	2019	2019	2019	2019
Group	oz	oz	oz	oz	oz
Platinum	119 349	994	120 343	–	120 343
Palladium	67 631	3 249	70 880	–	70 880
Rhodium	26 220	362	26 582	–	26 582
Gold	3 157	–	3 157	–	3 157
4E	216 357	4 605	220 962	–	220 962

Below is a breakdown of inventory disclosed as own production, purchased material and classified as non-current inventory:

	Own production	Purchased material from group companies	Purchased material	Total metal inventories	Non-current metal inventories	Current metal inventories
	2020	2020	2020	2020	2020	2020
Company	oz	oz	oz	oz	oz	oz
Platinum	74 156	28 074	11 258	113 488	(13 772)	99 716
Palladium	37 462	11 715	14 381	63 558	(15 772)	47 786
Rhodium	14 619	6 611	2 516	23 746	(3 859)	19 887
Gold	2 239	550	103	2 892	(966)	1 926
4E	128 476	46 950	28 258	203 684	(34 369)	169 315

Detail of total metal inventory on hand are provided for improved disclosure:

	Own production	Purchased material from group companies	Purchased material	Total metal inventories	Non-current metal inventories	Current metal inventories
	2019	2019	2019	2019	2019	2019
Company	oz	oz	oz	oz	oz	oz
Platinum	102 587	14 129	–	116 716	–	116 716
Palladium	61 423	6 922	–	68 345	–	68 345
Rhodium	23 866	2 122	–	25 988	–	25 988
Gold	2 738	361	–	3 099	–	3 099
4E	190 614	23 534	–	214 148	–	214 148

Below is the breakdown of total metal inventory:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Breakdown of total metal inventories				
Non-current inventory	662 282	–	662 282	–
Ore stockpile inventory	268 853	465 811	9 694	450 017
Concentrate in process	78 504	75 361	33 713	65 332
Concentrate and other surface sources before the smelter	611 957	588 300	751 379	588 300
Recycling material	2 103	82 704	–	56 880
Smelter inventory	1 288 076	1 283 744	1 581 533	1 283 744
Base metal removal plant inventory	161 226	362 921	197 957	362 921
Inventory at the precious metal refinery	1 126 733	656 994	1 383 433	656 994
Finished product inventory on hand	2 224	–	2 730	–
Total metal inventory	4 201 958	3 515 835	4 622 721	3 464 188

Metal inventory quantities on hand is allocated as follows:

	Group		Company	
	2020	2019	2020	2019
	oz	oz	oz	oz
Non-current inventory	34 369	–	34 369	–
Ore stockpile inventory	14 112	29 640	414	27 818
Concentrate in process	4 121	4 795	1 441	1 292
Concentrate and other surface sources before the smelter	32 123	35 335	32 123	35 335
Recycling material	110	4 605	–	3 116
Smelter inventory	67 613	81 688	67 613	81 688
Base metal removal plant inventory	8 463	23 093	8 463	23 093
Inventory at the precious metal refinery	59 144	41 806	59 144	41 806
Finished product inventory on hand	117	–	117	–
4E	220 172	220 962	203 684	214 148

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 R14.6 million relating to own production (2019: R51.4 million) that were written down to net realisable value. Inventory to the value of R474.1 million relating to own production (2019: R815.8 million) is disclosed at net realisable value.

Consumables to the value of R36.6 million was written off during the year.

Normalised pipeline inventory is considered to be approximately 165 000 4E oz going forward.

All inventory over and above pipeline material is considered excess inventory.

No inventories are encumbered.

Significant 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 and ore purchased which are recognised in the month in which they are purchased and not on a six-month rolling average. The quantity of ounces of joint products in work in progress is calculated based on the following factors: Theoretical inventory is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period. The inputs and outputs include estimates due to the delay in finalising analytical values. The estimates are subsequently trued up to the final metal accounting quantities when available. The theoretical inventory is then converted to a refined equivalent inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.

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

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

Stockpile tonnages are verified by independent third party surveyors.

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

Non-current inventory is determined as inventory that will not be processed within the next 12 months.

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

		Group		Company	
		2020	**2019**	**2020**	**2019**
Platinum price	USD/oz	813	808	813	808
Palladium price	USD/oz	1 894	1 510	1 894	1 510
Rhodium price	USD/oz	8 145	3 286	8 145	3 286
Gold price	USD/oz	1 752	1 386	1 752	1 386
Exchange rate	USD/ZAR	R17.33	R14.08	R17.33	R14.08

Impact of COVID-19 on the valuation of inventory

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overheads allocated to each unit of production is not increased as a consequence of low production or idle plant. Unallocated overheads are recognised as an expense in the period in which they are incurred.

The lockdown resulted in limited to no production, with fixed overhead costs still being incurred which should not be allocated to the cost of inventories. As a result, management allocated normalised fixed overhead costs to value inventory, based on actual production. Concentrates purchased were valued at the cost of acquisition. The valuation of inventory therefore does not include abnormal fixed overheads as a consequence of low production volumes.

Inventory is further required to be assessed at year end for possible write downs due to net realisable values being lower than the costs allocated to inventory.

Net realisable value tests are performed on a monthly basis and represent the expected selling prices which are based on prevailing market prices, less estimated costs to complete production and to bring the product to sale.

All net realisable value adjustments have been disclosed.

24. Trade and other receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Trade receivables	17 248	53 253	10 512	42 392
Provisional pricing receivables	181 090	374 238	76 755	281 030
Accrued dividends and interest on cash and cash equivalents	12 997	6 444	11 392	3 884
Prepayments	26 560	3 285	21 837	330
Deposits	4 733	4 555	430	605
South African Revenue Service – Value Added Tax	189 067	139 247	189 067	131 649
South African Revenue Service - amounts receivable relating to the Mineral and Petroleum Resources Royalty	371	8	–	–
Current portion of suspensive sale agreements (refer note 17)	5 415	3 423	–	–
Current portion of interest free home loans to employees (refer note 17)	10 253	7 624	7 534	5 232
Other	8 760	29 861	7 227	15 557
	456 494	621 938	324 754	480 679

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 (2019: R Nil).

Prepayments relates to amounts prepaid on insurance as well as machinery and equipment. Refer to note 45 for fair value and financial risk disclosure

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

Refer to note 45 for the fair value and financial risk disclosure.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	USD000	USD000	USD000	USD000
US dollars	225	2 728	187	2 724

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Current portion	302 298	344 833	229 564	281 476
30 to 60 days	86 239	211 712	33 976	147 649
60 to 90 days	29 669	11 931	23 073	11 554
More than 90 days*	38 288	53 462	38 141	40 000
	456 494	621 938	324 754	480 679

** Management considers these amounts to be fully recoverable*

Trade receivables and advances by country are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
South Africa	452 587	583 529	321 513	442 329
United Kingdom	–	–	–	–
Germany	3 241	30 745	3 241	30 745
France	–	–	–	–
Japan	–	4 346	–	4 346
United States of America	666	3 318	–	3 259
	456 494	621 938	324 754	480 679

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 are 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 result in amounts required to be refunded to the customer (refer note 37 and 38).

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

Significant estimate: 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.

Impact of COVID-19 on Trade and other receivables and ECL

Increased uncertainty in financial market and the economy as a whole, has increased the risk of default on all financial assets, including trade and other receivables.

The group trades only with recognised, creditworthy third parties. It is the groups' 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.

Sales are only made to customers with an appropriate credit history. Trade debtors comprise a number of customers, dispersed across different geographical areas.

There are further no material concentration of credit risk associated with trade and other receivables.

A detailed assessment was performed to confirm the recoverability of trade and other receivables at year end and all balances are considered recoverable.

25. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Cash at bank and on hand	627 335	328 116	625 264	327 128
Restricted cash	103 767	99 740	23 000	23 000
Short-term deposits	1 429 854	522 459	1 419 553	503 514
Cash and cash equivalent	2 160 956	950 315	2 067 817	853 642
Less bank overdraft	–	–	–	–
Cash and cash equivalents as per the statement of cash flows	2 160 956	950 315	2 067 817	853 642

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 6.5% (2019: 7.4%) and these deposits are all immediately available.

Restricted cash includes a deposit held of R23.0 million (2019: 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 Employees 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 the Zambezi Platinum (RF) Limited Memorandum of Incorporation.

For the purposes of the statement of cash flows, cash and cash equivalents comprise both the cash and cash equivalents balance as the group did not utilise the general banking facility at year end (2019: RNil).

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

	Group		Company	
	2020	2019	2020	2019
	USD000	USD000	USD000	USD000
US dollars	34 842	22 387	34 734	22 350

Also refer to note 45 for the fair value and financial risk disclosure.

General banking facility

During the previous financial year, the group secured a general banking facility (GBF), i.e. overdraft facility, of R500.0 million. The GBF accrues interest at the South African prime interest rate less 1.75% (2019: South African prime interest rate less 1.5%), and is payable on a 90-day notice period.

Commitment fees are payable on the GBF amounting to 0.55% (2019: 0.60%) per annum on the unutilised portion of the facility.

Below is a summary of the utilisation of the GBF during the year and the available facility at the year-end:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance	–	–	–	–
General banking facility utilised during the year	500 000	–	500 000	–
Amounts repaid during the year	(500 000)	–	(500 000)	–
General banking facility utilised at the year-end	–	–	–	–
Available facility	500 000	500 000	500 000	500 000

The GBF is utilised as an overdraft facility as and when required for working capital requirements.

The group's utilised and available facilities are listed below:

	Facility amount 2020	Utilised amount 2020	Available amount 2020	Interest rate 2020	Repayment date 2020
	R000	R000	R000		
Domestic medium-term notes* (refer note 33)	10 000 000	(5 640 749)	4 359 251	Various	Various
Revolving credit facility (refer note 36)	3 500 000	–	3 500 000	JIBAR plus 2.2% - 2.6%	September 2024
General banking facility	500 000	–	500 000	Prime less 1.75%	90-day notice
	14 000 000	(5 640 749)	8 359 251		

** Uncommitted but approved by the board of director's*

In terms of the programme memorandum in respect of Northam Platinum Limited's Domestic medium-term note programme dated 3 August 2012, as amended and/or supplemented from time to time, the board of directors of Northam Platinum Limited approved an initial increase in the nominal amount from R2.0 billion to R5.0 billion on 21 August 2019 and a further increase to R10.0 billion on 24 March 2020. This increase will provide Northam with additional funding flexibility.

	Facility amount 2019	Utilised amount 2019	Available amount 2019	Interest rate 2019	Repayment date 2019
	R000	R000	R000		
Domestic medium-term notes* (refer note 33)	2 000 000	(1 825 000)	175 000	Various	Various
Revolving credit facility (refer note 36)	3 500 000	(2 150 000)	1 350 000	JIBAR plus 3.3%	November 2021
General banking facility	500 000	–	500 000	Prime less 1.5%	90-day notice
	6 000 000	(3 975 000)	2 025 000		

** Uncommitted but approved by the board of director's*

The group has the following secured loans at the financial reporting date:

Domestic medium-term note (DMTN) programme

These notes were issued under the R10.0 billion DMTN programme dated 3 August 2012.

In terms of the programme memorandum in respect of Northam Platinum Limited's R2.0 billion Domestic Medium-Term Note programme dated 3 August 2012, as amended and/or supplemented from time to time, the board of directors of Northam Platinum Limited approved an initial increase in the nominal amount from R2.0 billion to R5.0 billion, and further increase from R5.0 billion to R10.0 billion. This increase enabled the issue of new DMTNs to facilitate the company's strategy of returning value to shareholders, by way of a purchase of Zambezi Platinum (RF) Limited preference shares.

Refer to note 33 for more details on the issued DMTNs.

Revolving credit facility (RCF)

During the year under review, Northam Platinum Limited refinanced its R3.5 billion, 5 year RCF on more favourable terms, extending the maturity date of the RCF from 29 November 2021 to 5 September 2024. The interest rate on the previous R3.5 billion 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% per annum and 0.5% per annum, dependent 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%.

The RCF is subject to financial covenant compliance which is monitored on an ongoing basis.

Refer to note 36 for movements on the RCF during the year under review.

General banking facility (GBF)

Northam Platinum Limited also has a GBF, i.e. overdraft facility, of R500.0 million (2019: R500.0 million). The GBF accrues interest at the South African prime interest rate less 1.75% (2019: prime interest rate less 1.5%), and is payable on demand with a 90 day notice period.

26. Stated capital

	Group		Company	
	2020	2019	2020	2019
	Number of shares	Number of shares	Number of shares	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	
	2020	2019	2020	2019
	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 (2019: 159 905 453) shares in total representing a 31.4% (2019: 31.4%) investment in Northam Platinum Limited.

27. Equity-settled share-based payment reserve

	Group		Company	
	2020	2019	2020	2019
	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.

28. Deferred tax asset and liability

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Deferred tax assets				
Employee benefits relating to leave pay and bonus	190 656	156 540	152 502	129 946
Decommissioning and environmental restoration provisions	101 531	91 248	41 802	39 727
Share-based payment liability	148 893	69 143	90 846	40 213
Metal inventory	171 689	–	–	–
Deferred income	22 151	28 528	9 575	13 251
Lease liability	22 574	–	4 355	–
Calculated capital and tax losses	–	874	–	–
Other	2 056	–	–	–
	659 550	346 333	299 080	223 137
Deferred tax liabilities				
Property, plant and equipment	(2 772 096)	(1 713 782)	(1 345 871)	(1 124 337)
Metal inventory	(25 139)	(13 513)	(25 139)	(17 424)
Restoration Trust Fund	(36 044)	(33 622)	(18 022)	(16 811)
Items accounted for directly through other comprehensive income	–	–	–	(2 367)
Section 24C allowances in respect of long-term receivables	(3 588)	(4 009)	–	–
	(2 836 867)	(1 764 926)	(1 389 032)	(1 160 939)
Net deferred tax liability	(2 177 317)	(1 418 593)	(1 089 952)	(937 802)
The charge in the deferred tax balance is reconciled as follows:				
Net deferred tax liability at the beginning of the year	(1 418 593)	(824 445)	(937 802)	(700 878)
Items accounted for directly through retained earnings – adoption of IFRS 9	–	100	–	–
Items accounted for directly through other comprehensive income (refer note 15)	–	–	2 367	(2 367)
Charge for the year (refer note 9)	(758 724)	(594 248)	(154 517)	(234 557)
Employee benefits	34 116	70 590	22 556	55 924
Decommissioning and environmental restoration provisions	10 283	7 434	2 075	2 825
Share-based payment liabilities	79 750	25 088	50 633	15 052
Metal inventory	171 689	–	–	–
Deferred income	(6 377)	(8 208)	(3 676)	(4 856)
Calculated capital and tax losses	(874)	525	–	(2 480)
Property, plant and equipment	(1 058 314)	(644 382)	(221 534)	(298 439)
Depreciation component included in metals on hand and in transit	(11 626)	(43 678)	(7 715)	(1 265)
Restoration Trust Fund	(2 422)	(2 647)	(1 211)	(1 318)
Lease liability	22 574	–	4 355	–
Section 24C allowance in respect of long-term receivables	421	1 030	–	–
Other	2 056	–	–	–
Net deferred tax liability	(2 177 317)	(1 418 593)	(1 089 952)	(937 802)
The net deferred tax liability is made up as follows:				
Deferred tax asset	–	874	–	–
Deferred tax liability	(2 177 317)	(1 419 467)	(1 089 952)	(937 802)
Net deferred tax liability	(2 177 317)	(1 418 593)	(1 089 952)	(937 802)

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, during the development and production ramp-up phase, 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 R321.2 million (2019: R374.7 million). This position will continuously be assessed going forward.

29. Long-term provisions

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Balance at the beginning of the year	679 459	640 128	141 883	131 793
Change in estimate relating to the decommissioning costs	(23 436)	(78 070)	(5 330)	(19 711)
Change in estimate relating to restoration costs	6 726	54 669	(1 166)	16 884
Unwinding of discount (refer note 6)	66 578	62 732	13 905	12 917
Total rehabilitation and decommissioning liability provision	729 327	679 459	149 292	141 883
Below is a breakdown of the long-term provision:				
Provision for decommissioning costs				
Balance at the beginning of the year	485 219	569 761	90 220	100 119
Change in estimate relating to the decommissioning cost reallocated to restoration costs	–	(62 309)	–	–
Change in estimate relating to the decommissioning costs	(23 436)	(78 070)	(5 330)	(19 711)
Unwinding of discount (refer note 6)	47 542	55 837	8 842	9 812
Total provision for decommissioning costs	509 325	485 219	93 732	90 220
Provision for restoration costs				
Balance at the beginning of the year	194 240	70 367	51 663	31 674
Change in estimate relating to the decommissioning cost reallocated to restoration costs	–	62 309	–	–
Change in estimate relating to restoration costs	6 726	54 669	(1 166)	16 884
Unwinding of discount (refer note 6)	19 036	6 895	5 063	3 105
Total provision for restoration costs	220 002	194 240	55 560	51 663
Total rehabilitation and decommissioning liability provision	729 327	679 459	149 292	141 883
The long-term provision is made up of the provision relating to the rehabilitation and decommissioning liability of:				
Northam Platinum Limited (Zondereinde operation)	149 292	141 883	149 292	141 883
Booysendal Platinum Proprietary Limited (Booysendal operation)	213 318	184 005	–	–
Eland Platinum Proprietary Limited (Eland operation)	366 717	353 571	–	–
Total rehabilitation and decommissioning liability provision	729 327	679 459	149 292	141 883

All changes in the estimate relating to the decommissioning and restoration costs provision relate to the development of Booysendal South and the Eland operation.

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

	Zondereinde (Northam Platinum Limited) 2020	Booysendal Platinum Proprietary Limited 2020	Eland Platinum Proprietary Limited 2020	Total 2020
	R000	R000	R000	R000
Provision for decommissioning costs				
Balance at the beginning of the year	90 220	109 740	285 259	485 219
Change in estimate relating to the decommissioning costs	(5 330)	304	(18 410)	(23 436)
Unwinding of discount	8 842	10 745	27 955	47 542
Total provision for decommissioning costs	93 732	120 789	294 804	509 325
Provision for restoration costs				
Balance at the beginning of the year	51 663	74 265	68 312	194 240
Change in estimate relating to restoration costs	(1 166)	10 986	(3 094)	6 726
Unwinding of discount	5 063	7 278	6 695	19 036
Total provision for restoration costs	55 560	92 529	71 913	220 002
Total rehabilitation and decommissioning liability provision	149 292	213 318	366 717	729 327

	Zondereinde (Northam Platinum Limited) 2019	Booysendal Platinum Proprietary Limited 2019	Eland Platinum Proprietary Limited 2019	Total 2019
	R000	R000	R000	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 relating to restoration costs	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

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

	Zondereinde (Northam Platinum Limited) 2020 R000	Booysendal Platinum Proprietary Limited 2020 R000	Eland Platinum Proprietary Limited 2020 R000	Total 2020 R000
Undiscounted obligation based on the Department of Mineral Resources and Energy, excluding Value Added Tax	194 877	205 324	169 075	569 276
Less funds held by Northam Platinum Restoration Trust Fund (refer to note 18)	(64 366)	(64 366)	–	(128 732)
Less environmental guarantees (refer to note 19)	(142 350)	(98 427)	(170 061)	(410 838)
Total (overfunded)/unfunded current rehabilitation obligation in terms of current legislation	(11 839)	42 531	(986)	29 706

	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 and Energy, excluding Value Added Tax	176 890	173 263	164 922	515 075
Less funds held by Northam Platinum Restoration Trust Fund (refer to note 18)	(60 040)	(60 040)	–	(120 080)
Less environmental guarantees (refer to note 19)	(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)

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 and Energy in terms of legislation.

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 18 and 19 for further details on the Northam Platinum Restoration Trust Fund as well as the various environmental guarantees taken out.

Significant judgements and estimates: Determination of the rehabilitation and decommissioning liabilities of the group

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. The Northam Platinum Limited group has incurred, and expects to incur in future, expenditure to comply with such laws and regulations, but cannot predict the full amount of such expenditure. Estimated future rehabilitation costs are based on current legal and regulatory requirements.

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 apply to all prospecting and mining operations, require 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 decommissioning and restoration costs that will be incurred upon the cessation of mining activities.

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 and decommissioning 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 an independent third party expert, SRK Consulting (South Africa) Proprietary Limited, with the Principal Scientist being James Lake Pr Sci Nat, Msc (Geochemistry).

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 and Energy published rates. Management believes using commercial closure cost assessments more accurately reflects the potential future costs and therefore the liability. The commercial closure costs assessment is significantly more than what the liability would have been should the current published Department of Mineral Resources and Energy 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.

The present value of the environmental restoration obligation was determined by applying a pre-tax discount rate of 8.6% (30 June 2019: 9.8%) and a long-term inflation rate of 6.0% (30 June 2019: 7.2%) over the remaining life of the various mines.

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. Furthermore, the timing of rehabilitation will likely depend on when the various operations cease to produce at economically-viable rates which will, in turn, depend on future commodity prices and exchange rates, which are inherently uncertain.

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

The 2015 Regulations were immediately applicable to applicants for a prospecting right, mining permit, mining right, exploration right or production right (i.e. "new" applicants). In terms of the 2015 Regulations' transitional provisions, holders of a right or permit were able to elect to comply 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 timeframe, holders of a right or permit were initially granted an extended transitional period of 39 months from the 2015 Regulations' date of promulgation to comply.

In 2019, the Department of Environment, Forestry and Fisheries published a second set of new draft financial provision Regulations (2019 Draft Regulations), which would result in a complete overhaul of the 2015 Regulations. The 2019 Draft Regulations have yet to be promulgated.

On 17 January 2020, the 2015 Regulations' transitional period was further extended for holders of a right or permit to 19 June 2021. It is anticipated that the proposed 2019 Draft Regulations will be published into law prior to this date.

The group will comply with the relevant financial provision Regulations when required to do so.

Impact of COVID-19 on determination of the rehabilitation and decommissioning liabilities of the group

The provision for estimated future rehabilitation and decommissioning costs is reviewed annually, updated for current and expected future market conditions, including the impact of the COVID-19 pandemic, and discounted to a present value for disclosure in the financial statements. The provision is based on the current best estimate of future costs required. The assessment is subject to assumptions and inputs which are open to judgement and estimation.

Updates to the assessment which incorporate the COVID-19 pandemic include updates to the pre-tax discount rate as well as the long-term inflation rate, which has been updated accordingly taking into account current market assumptions.

30. Long-term loans

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Security of supply contribution	79 109	101 886	34 196	47 326
Heraeus Deutschland GmbH & Co. KG	79 896	72 461	79 896	72 461
Total long-term loans	159 005	174 347	114 092	119 787
Current portion of security of supply contribution	(23 772)	(24 437)	(13 826)	(14 320)
Current portion of Heraeus Deutschland GmbH & Co. KG	(4 700)	(9 400)	(4 700)	(9 400)
Long-term portion	130 533	140 510	95 566	96 067

The security of supply contribution relates to amounts received to guarantee the supply of future product. These amounts 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.

During the year under review, the development and research cost of R9.4 million was waived by Heraeus Deutschland GmbH & Co. KG and reduced to R4.7 million, representing half of the annual fee, for the year thereafter, payable before 31 December 2021. The annual payment of R9.4 million as per the original agreement will resume thereafter.

Also refer to note 6 and note 7 for the impact of the changes to the Heraeus Deutschland GmbH & Co. KG liability during the year.

31. Lease liability

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Recognition of lease liability on 1 July 2019	88 992	–	16 913	–
Change in lease terms	(31)	–	–	–
Unwinding of interest	8 397	–	1 608	–
Payments made	(16 736)	–	(2 967)	–
Total lease liability as at 30 June 2020	80 622	–	15 554	–
Current portion of lease liability	(16 261)	–	(3 062)	–
Non-current portion of lease liability	64 361	–	12 492	–

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Depreciation expense for right-of-use assets (refer note 11)	14 286	–	2 671	–
Finance costs relating to lease liabilities (refer note 6)	8 397	–	1 608	–
Expenses relating to leases of low-value asset	33 510	–	12 044	–
	56 193	–	16 323	–

The lease liability relates to leases for the corporate office, accommodation and a notarial agreement of lease of land relating to Booysendal Platinum Proprietary Limited. Also refer to note 48 Lease commitment – group as lessee for additional lease related disclosures.

Refer to note 11 Property, plant and equipment for a reconciliation on the right-of-use assets.

The maturity analysis of the right-of-use liabilities are disclosed in note 45 Financial risk management objectives and policies.

Significant estimate: Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure right-of-use liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The group estimates the IBR using observable inputs when available and considers certain contract and entity-specific judgements such as the lease term and group credit ratings.

32. Financial guarantee liability

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Zambezi Platinum (RF) Limited financial guarantee liability	–	–	7 535 944	7 535 944
Amortisation of guarantee liability	–	–	(2 525 810)	–
	–	–	5 010 134	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.

At year end, Northam Platinum Limited held 33.5% of all the issued Zambezi Platinum (RF) Limited preference shares, and has committed to return value to shareholders by way of further purchases of Zambezi Platinum (RF) Limited preference shares.

The purchases of Zambezi Platinum (RF) Limited preference shares had a positive impact on the Northam Platinum Limited share price given the current position of the Zambezi structure relative to prior periods. During previous periods the Northam share price did not fully cover the preference share liability. The risk associated with the Northam guarantee has therefore been reduced through the purchase of Zambezi Platinum (RF) Limited preference shares.

The financial guarantee liability is amortised based on the number of preference shares held by parties other than Northam Platinum Limited. Northam Platinum Limited currently intends holding the Zambezi Platinum (RF) Limited preference shares (refer to note 15) to maturity and do not envisage selling these preference shares in the market.

33. Domestic medium-term notes

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Non-current domestic medium-term notes				
Domestic medium-term notes (NHM002)	175 000	175 000	175 000	175 000
NHM002 switched to NHM018	(173 600)	–	(173 600)	–
Transaction costs relating to the NHM002 issue	(1 256)	(1 256)	(1 256)	(1 256)
Amortisation of transaction costs over 60 months	1 254	796	1 254	796
Transfer to current domestic medium-term notes	(1 398)	–	(1 398)	–
	–	174 540	–	174 540

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.

Domestic medium-term notes (NHM006)	250 000	250 000	250 000	250 000
NHM006 switched to NHM016	(28 907)	–	(28 907)	–
NHM006 switched to NHM018	(97 700)	–	(97 700)	–
Transaction costs relating to the NHM006 issue	(1 576)	(1 576)	(1 576)	(1 576)
Amortisation of transaction costs over 24 months	1 269	164	1 269	164
Transfer to current domestic medium-term notes	(123 086)	–	(123 086)	–
	–	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 issue date for a two-year period, and will be redeemed on 16 April 2021.

Domestic medium-term notes (NHM007)	300 000	300 000	300 000	300 000
NHM007 switched to NHM016	(58 814)	–	(58 814)	–
NHM007 switched to NHM018	(100 000)	–	(100 000)	–
Transaction costs relating to the NHM007 issue	(1 851)	(1 851)	(1 851)	(1 851)
Amortisation of transaction costs over 36 months	1 331	128	1 331	128
	140 666	298 277	140 666	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 issue date for a three-year period. These notes mature on 16 April 2022.

Domestic medium-term notes (NHM009)	250 000	250 000	250 000	250 000
NHM009 switched to NHM018	(150 000)	–	(150 000)	–
Transaction costs relating to the NHM009 issue	(1 538)	(1 538)	(1 538)	(1 538)
Amortisation of transaction costs over 36 months	1 165	93	1 165	93
	99 627	248 555	99 627	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 issue date for a three-year period. These notes mature on 26 April 2022.

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Domestic medium-term notes (NHM011)	500 000	500 000	500 000	500 000
NHM011 switched to NHM016	(277 000)	–	(277 000)	–
NHM011 switched to NHM018	(50 000)	–	(50 000)	–
Transaction costs relating to the NHM011 issue	(2 905)	(2 905)	(2 905)	(2 905)
Amortisation of transaction costs over 36 months	2 270	101	2 270	101
	172 365	497 196	172 365	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 issue date for a three-year period. These notes mature on 24 May 2022.

	Group 2020	Group 2019	Company 2020	Company 2019
Domestic medium-term notes (NHM012)	100 000	100 000	100 000	100 000
NHM012 switched to NHM016	(69 530)	–	(69 530)	–
Transaction costs relating to the NHM012 issue	(866)	(866)	(866)	(866)
Amortisation of transaction costs over 36 months	694	14	694	14
	30 298	99 148	30 298	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 issue date for a three-year period. These notes mature on 13 June 2022.

	Group 2020	Group 2019	Company 2020	Company 2019
Domestic medium-term notes (NHM014)	2 620 000	–	2 620 000	–
NHM014 switched to NHM018	(300 000)	–	(300 000)	–
NHM014 switched to NHM019	(400 000)	–	(400 000)	–
Transaction costs relating to the NHM014 issue	(27 310)	–	(27 310)	–
Amortisation of transaction costs over 24 months	15 715	–	15 715	–
	1 908 405	–	1 908 405	–

On 20 November 2019, Northam issued NHM014, which is R1.35 billion worth of two-year senior unsecured floating rate notes and on 3 April 2020 R1.27 billion additional notes were issued under the same terms and conditions. The notes attract a floating coupon rate of 3-month JIBAR plus 250 basis points, which is payable on a quarterly basis in November, February, May and August of each year from issue date for a two-year period. These notes mature on 20 November 2021.

	Group 2020	Group 2019	Company 2020	Company 2019
Domestic medium-term notes (NHM015)	500 000	–	500 000	–
Transaction costs relating to the NHM015 issue	(8 070)	–	(8 070)	–
Amortisation of transaction costs over 60 months	888	–	888	–
	492 818	–	492 818	–

On 13 December 2019, the Industrial Development Corporation of South Africa Limited subscribed to NHM015, which is R500.0 million worth of five-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 330 basis points, which is payable on a quarterly basis in December, March, June and September of each year from issue date for a five-year period. These notes mature on 13 December 2024.

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Domestic medium-term notes (NHM016)	680 000	–	680 000	–
Transaction costs relating to the NHM016 issue	(51 807)	–	(51 807)	–
Amortisation of transaction costs over 60 months	1 447	–	1 447	–
	629 640	–	629 640	–

On 11 May 2020, Northam issued NHM016, which is R550.0 million worth of five-year senior unsecured floating rate notes and on 8 June 2020 R130.0 million additional notes were issued under the same terms and conditions. The notes attract a floating coupon rate of 3-month JIBAR plus 425 basis points, which is payable on a quarterly basis in May, August, November and February of each year from issue date for a five-year period. These notes mature on 11 May 2025.

	Group 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Domestic medium-term notes (NHM018)	1 021 300	–	1 021 300	–
Transaction costs relating to the NHM018 issue	(36 434)	–	(36 434)	–
Amortisation of transaction costs over 36 months	1 231	–	1 231	–
	986 097	–	986 097	–

On 25 May 2020, Northam issued NHM018, which is R671.3 million worth of three-year senior unsecured floating rate notes and on 8 June 2020 R350.0 million worth of additional notes were issued under the same terms and conditions. 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 issue date for a three-year period. These notes mature on 25 May 2023.

	Group 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Domestic medium-term notes (NHM019)	450 000	–	450 000	–
Transaction costs relating to the NHM019 issue	(18 294)	–	(18 294)	–
Amortisation of transaction costs over 48 months	463	–	463	–
	432 169	–	432 169	–

On 25 May 2020, Northam issued NHM019, which is R450.0 million worth of four-year senior unsecured floating rate notes. The notes attract a floating coupon rate of 3-month JIBAR plus 400 basis points, which is payable on a quarterly basis in May, August, November and February of each year from issue date for a four-year period. These notes mature on 25 May 2024.

	Group 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Total non-current domestic medium-term notes	4 892 085	1 566 304	4 892 085	1 566 304

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Current domestic medium-term notes				
Transfer from non-current domestic medium-term notes (NHM002)	1 398	–	1 398	–
	1 398	–	1 398	–
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)
	–	–	–	–

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 June, September, December and March of every year for a three-year period. These notes matured on 9 June 2019.

	Group 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Domestic medium-term notes issued (NHM004)	–	450 000	–	450 000
Transaction costs relating to the NHM004 issue	–	(2 778)	–	(2 778)
Amortisation of transaction costs over 12 months	–	2 778	–	2 778
Domestic medium-term notes repaid (NHM004)	–	(450 000)	–	(450 000)
	–	–	–	–

On 20 April 2018 Northam issued NHM004, which is R450.0 million of 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 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Domestic medium-term notes issued (NHM005)	–	550 000	–	550 000
Transaction costs relating to the NHM005 issue	–	(3 304)	–	(3 304)
Amortisation of transaction costs over 12 months	–	3 304	–	3 304
Domestic medium-term notes repaid (NHM005)	–	(550 000)	–	(550 000)
	–	–	–	–

On 18 May 2018 Northam issued NHM005, which is R550.0 million of 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.

	Group 2020 R000	Group 2019 R000	Company 2020 R000	Company 2019 R000
Transfer from non-current domestic medium-term notes (NHM006)	123 086	–	123 086	–
	123 086	–	123 086	–
Domestic medium-term notes issued (NHM008)	200 000	200 000	200 000	200 000
Transaction costs relating to the NHM008 issue	(1 263)	(1 263)	(1 263)	(1 263)
Amortisation of transaction costs over 12 months	1 263	228	1 263	228
Domestic medium-term notes repaid (NHM008)	(200 000)	–	(200 000)	–
	–	198 965	–	198 965

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

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Domestic medium-term notes issued (NHM010)	50 000	50 000	50 000	50 000
NHM010 switched to NHM016	(35 000)	–	(35 000)	–
Transaction costs relating to the NHM010 issue	(430)	(430)	(430)	(430)
Amortisation of transaction costs over 12 months	430	45	430	45
Domestic medium-term notes repaid (NHM010)	(15 000)	–	(15 000)	–
	–	49 615	–	49 615

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

Domestic medium-term notes issued (NHM013)	500 000	–	500 000	–
NHM013 switched to NHM017	(494 900)	–	(494 900)	–
Transaction costs relating to the NHM013 issue	(3 036)	–	(3 036)	–
Amortisation of transaction costs over 12 months	3 030	–	3 030	–
	5 094	–	5 094	–

On 9 September 2019, Northam issued NHM013, which is R500.0 million of 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 September, December, March and June from issue date for a one-year period. These notes mature on 9 September 2020.

Domestic medium-term notes (NHM017)	494 900	–	494 900	–
Transaction costs relating to the NHM017 issue	(9 815)	–	(9 815)	–
Amortisation of transaction costs over 9 months	1 664	–	1 664	–
	486 749	–	486 749	–

On 13 May 2020, Northam issued NHM017, which is R494.9 million of nine-month 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 August, November and February from issue date for a nine-month period. These notes mature on 26 February 2021.

Total current domestic medium-term notes	616 327	248 580	616 327	248 580
Total domestic medium-term notes	5 508 412	1 814 884	5 508 412	1 814 884

These notes were issued under the R10.0 billion DMTN programme dated 3 August 2012.

In terms of the programme memorandum in respect of Northam Platinum Limited's domestic medium-term note programme dated 3 August 2012, as amended and/or supplemented from time to time, the board of directors of Northam Platinum Limited approved an initial increase in the nominal amount from R2.0 billion to R5.0 billion on 21 August 2019 and further increase from R5.0 billion to R10.0 billion on 24 March 2020. This increase will provide Northam with additional funding flexibility.

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.

During the year under review the Industrial Development Corporation of South Africa Limited subscribed to NHM015 for R500.0 million, five-year senior unsecured floating rate notes. Proceeds from NHM015 will be applied towards the recommissioning and development of Eland mine, consequently creating new employment opportunities in the region.

Refer to the related party note (note 46) for details of the guarantee issued by Booysendal Platinum Proprietary Limited, with regards to the notes issued.

The maturity profile of the group's domestic medium-term notes is set out below, into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date representing the undiscounted contractual cash flows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Matured during F2020	N/A	250 000	N/A	250 000
Maturing during F2021	624 793	425 000	624 793	425 000
NHM002	1 400	175 000	1 400	175 000
NHM006	123 393	250 000	123 393	250 000
NHM013	5 100	–	5 100	–
NHM017	494 900	–	494 900	–
Maturing during F2022	2 364 656	1 150 000	2 364 656	1 150 000
NHM007	141 186	300 000	141 186	300 000
NHM009	100 000	250 000	100 000	250 000
NHM011	173 000	500 000	173 000	500 000
NHM012	30 470	100 000	30 470	100 000
NHM014	1 920 000	–	1 920 000	–
Maturing during F2023 – NHM018	1 021 300	–	1 021 300	–
NHM018	1 021 300	–	1 021 300	–
Maturing during F2024 – NHM019	450 000	–	450 000	–
NHM019	450 000	–	450 000	–
Maturing during F2025	1 180 000	–	1 180 000	–
NHM015	500 000	–	500 000	–
NHM016	680 000	–	680 000	–
Total domestic medium-term notes (excluding capitalised transaction costs)	5 640 749	1 825 000	5 640 749	1 825 000
Transaction costs incurred	(166 451)	(11 685)	(166 451)	(11 685)
Amortised transaction costs	34 114	1 569	34 114	1 569
Total domestic medium-term notes	5 508 412	1 814 884	5 508 412	1 814 884

During the year under review the following movements occurred relating to the domestic medium-term notes (excluding transaction costs):

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance	1 825 000	1 425 000	1 825 000	1 425 000
Notes issued	6 266 200	1 650 000	6 266 200	1 650 000
NHM006	–	250 000	–	250 000
NHM007	–	300 000	–	300 000
NHM008	–	200 000	–	200 000
NHM009	–	250 000	–	250 000
NHM010	–	50 000	–	50 000
NHM011	–	500 000	–	500 000
NHM012	–	100 000	–	100 000
NHM013	500 000	–	500 000	–
NHM014	2 620 000	–	2 620 000	–
NHM015	500 000	–	500 000	–
NHM016	680 000	–	680 000	–
NHM017	494 900	–	494 900	–
NHM018	1 021 300	–	1 021 300	–
NHM019	450 000	–	450 000	–
Notes repaid	(215 000)	(1 250 000)	(215 000)	(1 250 000)
NHM003	–	(250 000)	–	(250 000)
NHM004	–	(450 000)	–	(450 000)
NHM005	–	(550 000)	–	(550 000)
NHM008	(200 000)	–	(200 000)	–
NHM010	(15 000)	–	(15 000)	–
Notes switched	(2 235 451)	–	(2 235 451)	–
NHM002	(173 600)	–	(173 600)	–
NHM006	(126 607)	–	(126 607)	–
NHM007	(158 814)	–	(158 814)	–
NHM009	(150 000)	–	(150 000)	–
NHM010	(35 000)	–	(35 000)	–
NHM011	(327 000)	–	(327 000)	–
NHM012	(69 530)	–	(69 530)	–
NHM013	(494 900)	–	(494 900)	–
NHM014	(700 000)	–	(700 000)	–
Total domestic medium-term notes (excluding capitalised transaction costs)	5 640 749	1 825 000	5 640 749	1 825 000
Transaction costs incurred	(166 451)	(11 685)	(166 451)	(11 685)
Amortised transaction costs	34 114	1 569	34 114	1 569
Total domestic medium-term notes	5 508 412	1 814 884	5 508 412	1 814 884

34. Preference share liability

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Opening balance	11 159 368	9 818 651	–	–
Accrued preference share dividends	1 432 850	1 340 717	–	–
Preference share liability relating to Zambezi Platinum (RF) Limited	12 592 218	11 159 368	–	–
Derecognition of Zambezi Platinum (RF) Limited preference shares through the investment in the preference shares together with the accrued dividends	(4 220 514)	(295 257)	–	–
Liquidity fees relating to the Black Economic Empowerment transaction net of accumulated amortisation	(96 977)	(113 367)	–	–
Current year amortisation of liquidity fee	16 390	16 390	–	–
	8 291 117	10 767 134	–	–

On 18 May 2015, 159 905 453 cumulative redeemable preference shares were issued by Zambezi Platinum (RF) Limited at an issue price of R41 per share. The preference shares are redeemable in 10 years' time (from inception), which will be 17 May 2025, at R41 per share plus the cumulative preference dividends. The preference shareholders are entitled to receive a dividend equal to the issue price multiplied by the dividend rate of the South African prime interest rate plus 3.5% calculated on a daily basis based on a 365-day year compounded annually and capitalised at the end of December of every year.

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

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

Subscription undertakings for the full value of the Zambezi preference shares were secured at a 2.5% liquidity fee, amounting to R163.9 million.

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

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
Number of Zambezi Platinum (RF) Limited preference shares (issued under JSE preference share code: ZPLP)	159 905 453	159 905 453	159 905 453	159 905 453
Number of Zambezi Platinum (RF) Limited preference shares held by Northam Platinum Limited	(53 595 254)	(4 230 819)	(53 595 254)	(4 230 819)
Number of Zambezi Platinum (RF) Limited preference shares held in the open market	106 310 199	155 674 634	106 310 199	155 674 634
Percentage holding by Northam Platinum Limited in the Zambezi Platinum (RF) Limited preference shares	33.5%	2.6%	33.5%	2.6%
Value per Zambezi Platinum (RF) Limited preference share	R78.75	R69.79	R78.75	R69.79
Zambezi Platinum (RF) Limited (preference share code ZPLP) closing preference share price	R81.00	R72.50	R81.00	R72.50

Subsequent to year end, Northam Platinum Limited acquired an additional 21 134 297 Zambezi Platinum (RF) Limited preference shares in the open market, increasing the percentage holding to 46.7% and a total shareholding of 74 729 551 Zambezi Platinum (RF) Limited preference shares.

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	
	2020	2019	2020	2019
	R000	R000	R000	R000
Accrued preference share dividends relating to Zambezi Platinum (RF) Limited	1 432 850	1 340 717	–	–
Less preference share dividends accrued to Northam Platinum Limited with regards to the preference shares held by Northam Platinum Limited (refer note 5)	(299 678)	(35 473)	–	–
Preference share dividends per the statement of profit or loss and other comprehensive income	1 133 172	1 305 244	–	–

Below is a reconciliation of the loss on derecognition of the preference share liability:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance of Zambezi Platinum (RF) Limited preference shares held by Northam Platinum Limited	295 257	–	–	–
Acquisition of Zambezi Platinum (RF) Limited preference shares, including transaction costs during the year	3 756 207	–	–	–
Preference share dividends accrued to Northam Platinum Limited with regards to the preferences shares held by Northam Platinum Limited	299 678	–	–	–
Derecognition of Zambezi Platinum (RF) Limited preference shares held by Northam Platinum Limited together with accrued dividends recognised	(4 220 514)	–	–	–
	130 628	–	–	–

The loss on derecognition of preference share liability of R130.6 million relates to the difference between the amortised cost value per Zambezi preference shares and the price paid together with transaction costs incurred on the purchases of these Zambezi preference shares.

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

In terms of the Northam BEE transaction, Zambezi Platinum (RF) Limited (Zambezi) 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 lock-in period. These Zambezi preference shares are guaranteed by Northam and as a result of the guarantee consolidated into the Northam group results.

In terms of the preference share agreement between Zambezi 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 lock-in period. The Zambezi preference shares will be compulsorily redeemable on the day immediately preceding the 10th anniversary of the implementation date. The Zambezi 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 Zambezi preference shares' issue price. In terms of the Zambezi preference shares agreement, the Zambezi 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 Zambezi 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 financial statements of Northam in terms of International Financial Reporting Standards. This means that the Northam group reflects the BEE equity issued shares (Northam shares) as treasury shares (for accounting purposes) and the Zambezi preference shares are reflected as a liability.

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 Zambezi 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.

Zambezi was created and designed for the sole purpose of providing Northam with BEE credentials and as a structure to hold the listed Zambezi preference shares. If Northam does not comply with the Historically Disadvantage South African (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 BEE transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created.

In terms of the BEE 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 BEE transaction's agreements and in other limited instances aimed at maintaining the integrity of the BEE 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, and therefore consolidates the results of Zambezi Platinum (RF) Limited.

COVID-19 had no impact on the fact that Zambezi Platinum (RF) Limited is consolidated into the Northam Platinum Limited group.

The interest rate at which the South African Reserve Bank (SARB) lends to commercial banks, known as the repo rate, was decreased by 250 basis points from March 2020 to year end. This is part of the South African government's attempt to support and relieve some of the mounting pressure on individuals and businesses alike, effectively reducing the cost of borrowings.

Consequently the prime interest rate has dropped in line with the repo rate. This has resulted in a reduction of the preference share dividend accounted for in the statement of profit or loss and effectively reduced the preference share liability accounted for in the statement of financial position.

35. Share-based payment liability

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Performance and retention share-based payment liability	369 273	186 025	235 445	112 849
Lock-in and incentive mechanism share-based payment liability	168 119	61 535	89 004	30 767
Total share-based payment liability	537 392	247 560	324 449	143 616
Short-term portion of share-based payment liability	(183 029)	(86 814)	(131 348)	(52 720)
Long-term share-based payment liability	354 363	160 746	193 101	90 896
The movement in the share-based payment liability is made up as follows:				
Opening balance	247 560	157 339	143 616	89 861
Share-based payment expense during the year (note 4)	472 079	192 995	317 115	134 784
Options/incentive shares cash settled during the year	(182 247)	(102 774)	(136 282)	(81 029)
Total share-based payment liability	537 392	247 560	324 449	143 616

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)

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.

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.

The social, ethics, human resources and transformation (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.

Refer to the Remuneration Report for further details of the SIP and the various elements associated with the SIP.

Below is an analysis of share incentives held:

	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	8 Nov 2019 Share award	Total
Retention shares						
Balance 1 July 2019	–	436 100	623 000	773 300	–	1 832 400
Shares awarded during the year	–	–	–	–	449 705	449 705
Shares forfeited	–	(3 100)	(5 800)	(21 000)	(12 405)	(42 305)
Shares cash settled during the year	–	(433 000)	(23 500)	(24 900)	(6 170)	(487 570)
Balance at 30 June 2020	–	–	593 700	727 400	431 130	1 752 230
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

	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	8 Nov 2019 Share award	Total
Performance shares						
Balance 1 July 2019	–	1 289 300	1 841 700	2 339 700	–	5 470 700
Shares awarded during the year	–	–	–	–	1 351 815	1 351 815
Shares forfeited/adjusted for performance conditions met during the year	–	(9 200)	(17 000)	(63 800)	(37 360)	(127 360)
Shares cash settled during the year	–	(1 280 100)	(69 600)	(75 400)	(18 530)	(1 443 630)
Balance at 30 June 2020	–	–	1 755 100	2 200 500	1 295 925	5 251 525
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

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, which includes safety, production, unit cash cost and share performance.

The 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.

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 2020:

	2 Nov 2017 Retention shares	2 Nov 2017 Performance shares	6 Nov 2018 Retention shares	6 Nov 2018 Performance shares	8 Nov 2019 Retention shares	8 Nov 2019 Performance shares
Dividend yield (%)	–	–	–	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0	10.0	10.0	10.0
Expected life of share awards (years)	0.34	0.34	1.35	1.35	2.34	2.34
30-day VWAP (R/share)	R108.10	R108.10	R108.10	R108.10	R108.10	R108.10
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 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
30-day VWAP (R/share)	R57.22	R57.22	R57.22	R57.22	R57.22	R57.22
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 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.

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.

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 2020	**Number of BEE CPS shares 2019**
CEO	1 500 000	1 500 000
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	3 400 000

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

Vesting will be subject to the satisfaction of the performance condition that Zambezi Platinum (RF) Limited fully settles the preference share liability and fully settles all tax liabilities 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 purpose of, or in connection with the settlement of the redemption amount.

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.

Refer to the Remuneration Report for further details of the LIM and the various elements associated with the LIM.

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 2020	**Number of BEE CPS shares 2019**
Opening balance	3 400 000	4 100 000
Shares forfeited during the year	–	(700 000)
Closing balance	3 400 000	3 400 000

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

	BEE CPS shares 2020	**BEE CPS shares 2019**
Dividend yield (%)	–	–
Forfeiture rate (%)	–	–
Expected life of share awards (years)	4.88	5.91
Spot price (R/share)	R116.20	R59.00
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.*

36. Revolving credit facility

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance	2 150 000	1 500 000	2 150 000	1 500 000
Amounts drawn down on the revolving credit facility	4 800 000	850 000	4 800 000	850 000
Amounts repaid during the year	(6 950 000)	(200 000)	(6 950 000)	(200 000)
Total facility utilised at year end	–	2 150 000	–	2 150 000
Transaction costs incurred on the previous facility	(21 767)	(21 767)	(21 767)	(21 767)
Amortisation of transaction cost of the previous facility	21 767	8 960	21 767	8 960
Transaction costs incurred on the new revolving credit facility	(27 701)	–	(27 701)	–
Amortisation of transaction costs on the new revolving credit facility amortised over 60 months	4 617	–	4 617	–
	(23 084)	2 137 193	(23 084)	2 137 193

During the year under review, Northam refinanced its R3.5 billion 5-year revolving credit facility on more favourable terms, extending the maturity date from 29 November 2021 to 5 September 2024. The interest rate was previously JIBAR plus 3.3%, whereas the interest rate on the new revolving credit facility is calculated as JIBAR plus 2.1%, plus a utilisation fee of between 0.1% per annum and 0.5% per annum, depending on the amount of the revolving credit facility drawdown. The effective interest rate on the refinanced revolving credit facility therefore ranges between JIBAR plus 2.2% and JIBAR plus 2.6%, depending on the amount of the drawdown.

Commitment fees are payable on the revolving credit facility amounting to 0.70% per annum (2019: 0.99% per annum) on the unutilised portion of the facility. No commitment fee shall accrue during periods where more than R2.5 billion of the facility has been utilised.

The utilised 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 46) for various guarantees issued by group companies relating to the revolving credit facility.

Below is a summary of the facility available at year end:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Total revolving credit facility	3 500 000	3 500 000	3 500 000	3 500 000
Facility utilised at year end	–	(2 150 000)	–	(2 150 000)
Available facility at year end	3 500 000	1 350 000	3 500 000	1 350 000

The full facility was available at year-end.

37. Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Trade payables	630 613	917 243	250 734	382 206
Provisional pricing payables	10 159	5 115	3 927	130
Accruals*	286 500	408 785	180 434	294 740
Concentrate purchased accruals	1 309 142	–	1 090 270	–
Capital accruals	29 420	52 232	2 877	13 241
South African Revenue Service – Value Added Tax	72 886	35 254	–	–
South African Revenue Service – amounts payable relating to the Mineral and Petroleum Resources Royalty	84	13 391	84	13 196
Accrued interest and commitment fees	52 064	38 899	52 064	38 899
Employee related accruals	419 323	375 197	311 326	284 291
Employee labour court judgement (refer note 49)	55 000	–	55 000	–
Other	74 060	85 057	3 102	5 965
	2 939 251	1 931 173	1 949 818	1 032 668

** As at 30 June 2019, this balance included an amount of R55.0 million relating to the employee labour court judgement (refer note 49)*

Trade payable and accrual balances are unsecured, non-interest bearing and normally settled on 30-day terms.

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

Details of accruals are provided for improved disclosure:

	Group	Company
	2019	**2019**
	R000	R000
Accruals	235 614	159 006
Concentrate purchased accruals	118 171	80 734
Employee labour court judgement (refer note 49)	55 000	55 000
	408 785	294 740

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	000	000	000	000
Amounts denominated in € included in trade and other payables	1 486	2 225	286	1 246
Amounts denominated in USD included in trade and other payables	36 750	6 523	36 592	4 828
Amounts denominated in CHF included in trade and other payables	2	2	2	2

Refer to note 45 for the fair value and financial risk disclosure.

38. Provisional pricing derivatives

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Provisional pricing derivatives	–	26 206	–	17 055
	–	26 206	–	17 055

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 37).

39. Short-term provisions*

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Balance at the beginning of the year	265 530	197 141	205 430	175 903
Additional amounts raised	396 482	338 410	268 290	258 788
Leave pay utilised	(296 893)	(270 021)	(211 528)	(229 261)
	365 119	265 530	262 192	205 430

** These amounts are considered short-term employee benefits and are not measured in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

Employee entitlements to annual leave are recognised when they accrue to employees. An 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 is recognised.

40. 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	
	2020	2019	2020	2019
	R000	R000	R000	R000
Assets as at 1 July	80 346	120 330	80 346	120 330
Interest income	6 323	7 620	6 323	7 620
Employer contributions	–	28 343	–	28 343
Benefits paid	(354)	(73 392)	(354)	(73 392)
Actuarial gain/(loss)	447	(2 326)	447	(2 326)
Administration costs	(272)	(229)	(272)	(229)
Assets as at 30 June	86 490	80 346	86 490	80 346
Unrecognised due to asset ceiling limit*	19 131	66 540	19 131	66 540
Below is a breakdown of other long-term employee benefits:				
Other long-term employee benefit as at 1 July	13 806	70 321	13 806	70 321
Service costs	18 038	15 816	18 038	15 816
Interest cost	2 480	1 794	2 480	1 794
Actuarial loss/(gain)	33 661	(504)	33 661	(504)
Benefits	(354)	(73 392)	(354)	(73 392)
Administration costs	(272)	(229)	(272)	(229)
Other long-term employee benefit as at 30 June	67 359	13 806	67 359	13 806
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.*

Northam Platinum Limited will be making a payment to the Toro Employee Empowerment Trust to the value of R84.6 million (refer note 4) subsequent to year end based on the audited results of the company for the year ended 30 June 2020.

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

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.

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

	Group		Company	
	2020	2019	2020	2019
Discount rate	5.4%	7.9%	5.4%	7.9%
Expected rate of return on assets	9.6%	10.6%	9.6%	10.6%

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.

41. Cash generated from operations

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Profit before taxation	3 633 662	701 947	3 091 277	995 339
Adjusted for non-cash items:				
Profit on sale of property, plant and equipment	(4 276)	(6 635)	(4 225)	(6 745)
Depreciation and write-offs	626 194	487 267	187 490	166 210
Changes in long-term provisions	6 726	(23 401)	(1 166)	13 085
Changes in long-term receivables	3 304	16 312	(5 371)	(5 400)
Changes in short-term provisions	99 589	68 389	56 762	29 527
Share of earnings from associates	(16 358)	(11 153)	–	–
Preference share dividends	1 133 172	1 305 244	–	–
Amortisation of liquidity fees paid on preference shares	16 390	16 390	–	–
Loss on derecognition of preference share liability	130 628	–	–	–
Amortisation of financial guarantee liability and impact of guarantee on investment	–	–	(94 900)	–
Impairments	2 061	–	2 061	–
Net foreign exchange difference	(106 133)	(10 411)	(79 178)	(11 098)
Amortisation of security of supply contribution	(22 777)	(29 314)	(13 131)	(17 343)
Other	(13 782)	(7 656)	(11 416)	(15 995)
Movement in share-based payment liability	289 832	90 221	180 833	53 755
Finance charges excluding preference share dividends	602 595	184 027	685 272	425 613
Investment revenue	(119 220)	(56 260)	(495 342)	(168 951)
	6 261 607	2 724 967	3 498 966	1 457 997

42. Change in working capital

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Inventories	(643 920)	(342 880)	(1 138 937)	(156 406)
Trade and other receivables	171 997	290 089	166 641	514 222
Trade and other payables	991 519	4 935	871 549	(303 121)
	519 596	(47 856)	(100 747)	54 695

43. Tax (paid)/refund received

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Balance owing at the beginning of the year	(19 389)	15 391	(24 865)	10 150
Amounts recognised in profit or loss	(705 754)	(47 606)	(704 315)	(34 500)
Balance owing at the end of the year	223 601	19 389	229 394	24 865
	(501 542)	(12 826)	(499 786)	515

44. Changes in liabilities arising from financing activities

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

	Opening balance	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	2020	**2020**	**2020**	**2020**	**2020**	**2020**
Group	R000	R000	R000	R000	R000	R000
Security of supply contribution	101 886	–	–	–	(22 777)	79 109
Heraeus Deutschland GmbH & Co. KG	72 461	–	–	21 218	(13 783)	79 896
Lease liability	88 992	–	(16 736)	8 397	(31)	80 622
Domestic medium-term notes	1 814 884	6 266 200	(2 952 945)	347 728	32 545	5 508 412
Preference share liability	10 767 134	–	–	1 432 850	(3 908 867)	8 291 117
Revolving credit facility	2 137 193	4 800 000	(7 191 337)	213 636	17 424	(23 084)

	Opening balance	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	2020	**2020**	**2020**	**2020**	**2020**	**2020**
Company	R000	R000	R000	R000	R000	R000
Security of supply contribution	47 326	–	–	–	(13 130)	34 196
Heraeus Deutschland GmbH & Co. KG	72 461	–	–	21 218	(13 783)	79 896
Lease liability	16 913	–	(2 967)	1 608	–	15 554
Domestic medium-term notes	1 814 884	6 266 200	(2 952 945)	347 728	32 545	5 508 412
Financial guarantee liability	7 535 944	–	–	–	(2 525 810)	5 010 134
Revolving credit facility	2 137 193	4 800 000	(7 191 337)	213 636	17 424	(23 084)

	Opening balance	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	2019	**2019**	**2019**	**2019**	**2019**	**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	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	2019	**2019**	**2019**	**2019**	**2019**	**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

45. Financial risk management objectives and policies

The group's activities are exposed to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and commodity 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 board of directors reviews and agrees policies for managing each of these risks which are summarised below:

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, other financial assets, long-term receivables and cash and cash equivalents, which arise directly from its operations.

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: foreign currency risk, interest rate 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.

At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:

	Group		Company	
	2020	2019	2020	2019
	000	000	000	000
Accounts receivable: USD	225	2 728	187	2 724
Cash and cash equivalents: USD	34 842	22 387	34 734	22 350
Accounts payable: USD	(36 750)	(6 523)	(36 592)	(4 828)
Total USD exposure at year end	(1 683)	18 592	(1 671)	20 246
Accounts payable: €	(1 486)	(2 225)	(286)	(1 246)
Accounts payable: CHF	(2)	(2)	(2)	(2)
Exchange rates at year end:				
ZAR/USD	R17.33	R14.08	R17.33	R14.08
ZAR/€	R19.46	R16.01	R19.46	R16.01
ZAR/CHF	R18.29	R14.38	R18.29	R14.38

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. There is no direct impact on the group or company's equity.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
ZAR weakening by 10% to the USD	(2 917)	26 178	(2 896)	28 506
ZAR strengthening by 10% to the USD	2 917	(26 178)	2 896	(28 506)
ZAR weakening by 10% to the €	(2 892)	(3 562)	(557)	(1 995)
ZAR strengthening by 10% to the €	2 892	3 562	557	1 995

The group did not enter into any foreign currency hedging contracts during the current or previous year.

The group has a policy of not hedging against foreign currency of commodity price fluctuations.

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, investments, preference shares, revolving credit facility, general banking facility 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 direct impact on the group or company's equity.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Investment in Zambezi Platinum (RF) Limited preference shares				
Increase of 1%	–	–	42 205	2 953
Decrease of 1%	–	–	(42 205)	(2 953)
Investments held by Northam Platinum Restoration Trust Fund				
Increase of 1%	1 287	1 201	644	600
Decrease of 1%	(1 287)	(1 201)	(644)	(600)
Cash and cash equivalents				
Increase of 1%	21 610	9 503	20 678	8 536
Decrease of 1%	(21 610)	(9 503)	(20 678)	(8 536)
Floating rate borrowings (including domestic medium-term notes and revolving credit facility)				
Increase of 1%	(56 407)	(39 521)	(56 407)	(39 521)
Decrease of 1%	56 407	39 521	56 407	39 521
Preference share liability				
Increase of 1%	(83 717)	(107 671)	–	–
Decrease of 1%	83 717	107 671	–	–

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.

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.

At year end the balances outstanding relating to provisional priced receivables amounted to:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Nickel receivable	44 943	55 339	44 943	55 339
Chrome receivable	136 147	153 065	31 812	59 857
Total provisional priced receivables	181 090	208 404	76 755	115 196
Chrome payable (refer note 38)	–	(26 206)	–	(17 055)
Provisional pricing derivatives	–	(26 206)	–	(17 055)
Total provisional pricing exposure	181 090	182 198	76 755	98 141

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. There is no direct impact on the group or company's equity.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Weakening by 10% of the respective commodity prices	18 109	18 220	7 676	9 814
Strengthening by 10% of the respective commodity prices	(18 109)	(18 220)	(7 676)	(9 814)

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 17). 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 R97.9 million (2019: R96.6 million).

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 maximum credit risk relating to the exposure under the Zambezi guarantee amounts to R13.8 billion (2019: R23.9 billion).

Subsequent to year-end, the prevailing South African prime interest rate changed and the maximum exposure with regards to the exposure under the Zambezi guarantee will now amount to R13.6 billion at the end of the 10-year lock-in period, which is May 2025.

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 R4.0 billion.

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.

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. Cash and cash equivalents are immediately available.

Fair value

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

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

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

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

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

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

The carrying amount of financial assets and financial liabilities approximate their fair value with the exception of the following:

	Carrying amount	Fair value	Carrying amount	Fair value
	2020	2020	2019	2019
	R000	R000	R000	R000
Financial guarantee (company results)	(5 010 134)	–	(7 535 944)	(2 073 946)
Preference share liability (group results)	(8 291 117)	(8 611 126)	(10 767 134)	(11 286 411)

The preference share liability is classified as level 2, due to the low level of activity in the South African debt market and the impact of the Northam guarantee in the determination of the fair value.

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%, which was incorporated at inception date and have not been adjusted since.

Northam Platinum Limited now holds 33.5% of all the issued Zambezi Platinum (RF) Limited preference shares, and has committed to return value to shareholders by way of further purchases of Zambezi Platinum (RF) Limited preference shares.

The purchases of Zambezi Platinum (RF) Limited preference shares had a positive impact on the Northam Platinum Limited share price given the current position of the Zambezi structure relative to prior periods. During previous periods the Northam share price did not fully cover the preference share liability. The risk associated with the Northam guarantee has therefore been reduced through the repurchases.

The financial guarantee liability is amortised based on the number of preference shares held by parties other than Northam. Northam currently intends holding the Zambezi preference shares (refer to note 15) to maturity and do not envisage selling these preference shares in the market.

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

	2020	2019
Number of Zambezi Platinum (RF) Limited preferences shares issued (JSE preference share code: ZPLP)	159 905 453	159 905 453
Number of ZPLP preference shares held by Northam Platinum Limited	(53 595 254)	(4 230 819)
Number of ZPLP preference shares held in the open market	106 310 199	155 674 634
Zambezi Platinum (RF) Limited (preference share code ZPLP) closing preference share price	R81.00	R72.50
Fair value as per the Zambezi Platinum (RF) Limited closing preference share price (preference share code ZPLP) (R000)	(8 611 126)	(11 286 411)

Provisional pricing derivatives and receivables are also classified as level 2 as the balances are underlined by quoted commodity prices. Investments held in the Northam Platinum Restoration Trust Fund, Environmental Guarantee Investment and Buttonshope Conservancy Trust are classified as level 1 as these balances are underlined by quoted (unadjusted) prices in active markets for identical assets.

The maturity profile of the group's financial liabilities for the year ended 30 June 2020 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
	2020	2020	2020	2020	2020
Group	R000	R000	R000	R000	R000
Trade payables	630 613	–	–	–	630 613
Provisional pricing payables	–	10 159	–	–	10 159
Accruals	–	286 500	–	–	286 500
Concentrate purchased accruals	–	1 309 142	–	–	1 309 142
Capital accruals	–	29 420	–	–	29 420
Accrued interest and commitment fees	–	52 064	–	–	52 064
Employee-related accruals	–	474 323	–	–	474 323
Other	–	8 551	–	65 509	74 060
Long-term loans	–	–	4 700	131 600	136 300
Lease liability	–	8 675	8 323	141 364	158 362
Domestic medium-term notes	–	5 100	619 693	5 015 956	5 640 749
Preference share liability*	–	–	–	13 776 017	13 776 017
Revolving credit facility	–	–	–	–	–

** 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
	2020	2020	2020	2020	2020
Company	R000	R000	R000	R000	R000
Trade payables	250 734	–	–	–	250 734
Provisional pricing payables	–	3 927	–	–	3 927
Accruals	–	180 434	–	–	180 434
Concentrate purchased accruals	–	1 090 270	–	–	1 090 270
Capital accruals	–	2 877	–	–	2 877
Accrued interest and commitment fees	–	52 064	–	–	52 064
Employee related accruals	–	366 326	–	–	366 326
Other	–	3 102	–	–	3 102
Long-term loans	–	–	4 700	131 600	136 300
Lease liability	–	1 563	1 644	17 122	20 329
Domestic medium-term notes	–	5 100	619 693	5 015 956	5 640 749
Financial guarantee liability*	–	–	–	13 776 017	13 776 017
Revolving credit facility	–	–	–	–	–
Subsidiary loan payable	1 338 132	–	–	–	1 338 132

** 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 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.*

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 share 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 South African prime 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's 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 2020:

	Fair value through profit or loss	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Non- financial instruments**	**Total**
	2020	**2020**	**2020**	**2020**	**2020**
Group	R000	R000	R000	R000	R000
Long-term receivables	–	82 232	–	–	82 232
Investment held by Northam Platinum Restoration Trust Fund	128 732	–	–	–	128 732
Environmental Guarantee Investment	62 953	–	–	–	62 953
Buttonshope Conservancy Trust	15 850	–	–	–	15 850
Other financial assets	–	23 084	–	–	23 084
Trade and other receivables	181 090	85 966	–	189 438	456 494
Cash and cash equivalents	–	2 160 956	–	–	2 160 956
Long-term loans	–	–	(159 005)	–	(159 005)
Domestic medium-term notes	–	–	(5 508 412)	–	(5 508 412)
Preference share liability	–	–	(8 291 117)	–	(8 291 117)
Revolving credit facility	–	–	–	–	–
Trade and other payables	–	–	(2 866 281)	(72 970)	(2 939 251)
Provisional pricing derivatives	–	–	–	–	–

	Fair value through other comprehensive income	**Fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Non-financial instruments**	**Total**
	2020	**2020**	**2020**	**2020**	**2020**	**2020**
Company	R000	R000	R000	R000	R000	R000
Other investments	1 921 141	–	–	–	–	1 921 141
Long-term receivables	–	–	19 222	–	–	19 222
Investment held by Northam Platinum Restoration Trust Fund	–	64 366	–	–	–	64 366
Environmental Guarantee Investment	–	33 276	–	–	–	33 276
Other financial assets	–	–	23 084	–	–	23 084
Subsidiary loans receivable	–	–	902 220	–	–	902 220
Trade and other receivables	–	76 755	58 932	–	189 067	324 754
Cash and cash equivalents	–	–	2 067 817	–	–	2 067 817
Long-term loans	–	–	–	(114 092)	–	(114 092)
Financial guarantee liability	–	–	–	(5 010 134)	–	(5 010 134)
Domestic medium-term notes	–	–	–	(5 508 412)	–	(5 508 412)
Revolving credit facility	–	–	–	–	–	–
Subsidiary loans payable	–	–	–	(1 338 132)	–	(1 338 132)
Trade and other payables	–	–	–	(1 949 734)	(84)	(1 949 818)
Provisional pricing derivatives	–	–	–	–	–	–

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:

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non- financial instruments	Total
	2019	2019	2019	2019	2019
Group	R000	R000	R000	R000	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)

	Fair value through other comprehensive income	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
	2019	2019	2019	2019	2019	2019
Company	R000	R000	R000	R000	R000	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)

46. Related parties

Related party relationships exist between the company, subsidiaries and an associate 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
	2020	2020	2020	2020
Company	%	R000	R000	R000
Mining Technical Services Proprietary Limited	100.0	**	*	20 970
Booysendal Platinum Proprietary Limited	100.0	8 675 932	11 886 088	(1 331 532)
Eland Platinum Proprietary Limited	100.0	325 000	325 000	797 078
Mvelaphanda Resources Proprietary Limited	100.0	4 358	–	(6 600)
Norplats Properties Proprietary Limited	100.0	**	*	51 723
Northam Platinum Investments (US) Incorporated	100.0	–	142 119	405
Northam Recovery Services LLC	Indirect holding	–	–	24 643
Northam Property Company LLC	Indirect holding	–	–	7 401
Zambezi Platinum (RF) Limited	N/A	–	***	–
Northam Zondereinde Community Trust	–	–	–	–
Northam Booysendal Community Trust	–	–	–	–
Northam Employees Trust	–	–	–	–
Buttonshope Conservancy Trust	–	–	–	–
Northam Platinum Restoration Trust Fund	–	–	–	–
			12 353 207	(435 912)

**** Investment held in Zambezi Platinum (RF) Limited preference shares (refer to note 15)*
*** Issued capital is less than R1 000*
** Investment less than R1 000*

	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 Employees Trust	–	–	–	–
Buttonshope Conservancy Trust	–	–	–	–
Northam Platinum Restoration Trust Fund	–	–	–	–
			12 353 207	1 110 337

**** Investment held in Zambezi Platinum (RF) Limited preference shares (refer to note 15)*
*** Issued capital is less than R1 000*
** Investment less than R1 000*

There are no other balances outstanding from group companies other than the indebtedness noted above.

Below is a summary of the various transactions between group companies, which was eliminated on consolidation:

	Interest and dividends received (refer note 5)	Concentrate purchased	Operating as well as sundry costs
	2020	2020	2020
Company	R000	R000	R000
Mining Technical Services Proprietary Limited	–	–	(74 525)
Booysendal Platinum Proprietary Limited	18 595	(6 134 992)	–
Eland Platinum Proprietary Limited	73 115	(950 168)	–
Norplats Properties Proprietary Limited	–	–	–
Northam Platinum Investments (US) Incorporated	35	–	–
Northam Recovery Services LLC	2 883	(98 382)	–
Northam Property Company LLC	567	–	–
Zambezi Platinum (RF) Limited (refer note 8)	–	–	(1 387)
Northam Zondereinde Community Trust (refer note 8)	–	–	(1 000)
Northam Booysendal Community Trust	–	–	–
Northam Employees Trust (refer note 8)	–	–	(1 000)

	Interest and dividends received (refer note 5)	Concentrate purchased	Operating as well as sundry costs
	2019	2019	2019
Company	R000	R000	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 8)	–	–	(2 061)
Northam Zondereinde Community Trust	–	–	–
Northam Booysendal Community Trust	–	–	–
Northam Employees Trust (refer note 8)	–	–	(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 10-year lock-in period.

Below is a summary of the key related party transactions:

Guarantees

Northam Platinum Limited currently has finance facilities available in the form of a revolving credit facility (RCF) of R3.5 billion (2019: R3.5 billion) and a general banking facility (GBF) to the value of R500.0 million (2019: R500.0 million) with Nedbank Limited. Booysendal Platinum Proprietary Limited and Eland Platinum Proprietary Limited have both signed a letter of guarantee concerning these facilities.

Refer to note 25 for details on the GBF and note 36 for details relating to the RCF.

In addition, Northam Platinum Limited has issued R5.6 billion (2019: R1.8 billion) on the debt capital market, these notes were issued under the R10.0 billion DMTN programme. Booysendal Platinum Proprietary Limited is a guarantor for these issued notes.

Refer to note 33 for details on the notes issued.

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 Zambezi preference shares. Northam Platinum Limited has been involved from the inception of the BEE 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 BEE 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 Northam Platinum Limited group.

For purposes of ensuring that Zambezi Platinum (RF) Limited does not incur any liabilities or indebtedness, other than pursuant to the BEE 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 R1.4 million (2019: R2.1 million) were incurred.

The current limit relating to expenses paid on behalf of Zambezi Platinum (RF) Limited amounts to R2.5 million (2019: R2.4 million).

Refer to note 8 sundry expenditure for details of the expenditure incurred.

The Northam Zondereinde Community Trust, the Northam Booysendal Community Trust and the Northam Employees Trust

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, direct the relevant activities 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 shares 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 consolidated into the Northam group.

In terms of the Trust Deed of the Northam Employees 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

SSG Holdings Proprietary Limited (SSG)

The group has a 33.7% (2019: 30%) interest in SSG Holdings Proprietary Limited, through a wholly owned subsidiary, Mining Technical Services Proprietary Limited. SSG Holdings Proprietary Limited provides security and facility services to the group. Below is a summary of transactions between the group and SSG Holdings Proprietary Limited:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
SSG Facilities Proprietary Limited	43 739	31 025	23 098	14 101
SSG Securities Solutions Proprietary Limited	80 860	61 690	40 465	26 125
Security and facilities services provided by SSG Holdings Proprietary Limited to the group during the year accounted for as part of operating costs	124 599	92 715	63 563	40 226
Management fees received from associate (SSG Holdings Proprietary Limited) (refer note 7)	2 249	2 160	–	–
Amounts payable to SSG Holdings Proprietary Limited included as part of trade payables	17 414	17 168	9 938	6 706

Refer to the note 13 of the financial statements for details of the investment in SSG Holdings Proprietary Limited.

SMS Mining Holdings Proprietary Limited

SMS Mining Holdings Proprietary Limited is a company which provides secondary support work, including the supply and application of shotcrete and anchor installation to the Northam group. Messrs. KB Mosehla, Northam Platinum Limited's 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	
	2020	**2019**	**2020**	**2019**
	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 and capital expenditure	87 338	33 637	17 583	–
Amounts payable to SMS Mining Holdings Proprietary Limited included as part of trade payables	7 272	6 695	–	–

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.

Key management remuneration

	Fees 2020	Remuneration package 2020	Performance bonus and retention bonus payments 2020	Benefits and other 2020	Gain on share-based payments 2020	Total 2020
	R000	R000	R000	R000	R000	R000
Executive						
PA Dunne	–	9 353	9 198	–	17 571	36 122
AH Coetzee	–	4 404	4 171	–	3 749	12 324
Non-executive						
KB Mosehla	618	–	–	–	–	618
R Havenstein	748	–	–	–	–	748
DH Brown	651	–	–	–	–	651
CK Chabedi	676	–	–	–	–	676
HH Hickey	568	–	–	–	–	568
NY Jekwa*	713	–	–	–	–	713
MH Jonas	352	–	–	–	–	352
TE Kgosi	706	–	–	–	–	706
TI Mvusi	352	–	–	–	–	352
JJ Nel**	584	–	–	–	–	584
JG Smithies	467	–	–	–	–	467
	6 435	13 757	13 369	–	21 320	54 881

** Dr NY Jekwa was appointed as a member of the health, safety and environmental committee with effect from 1 November 2019*
*** Mr JJ Nel was appointed as a member of the investment committee with effect from 1 November 2019*

	Fees 2019	Remuneration package 2019	Performance bonus and retention bonus payments 2019	Benefits and other 2019	Gain on share-based payments 2019	Total 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 for further details on the remuneration accrued and paid to executive directors. 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 incentives granted to directors

Below is an analysis of share incentives held as at 30 June 2020:

	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	8 Nov 2019 Share award	Share award	Total
Retention shares and performance shares						LIM shares	
PA Dunne							
Balance at 1 July 2019	–	170 100	183 200	184 500	–	1 500 000	2 037 800
Retention shares awarded during the year	–	–	–	–	17 900	–	17 900
Performance shares awarded during the year	–	–	–	–	53 700	–	53 700
Shares adjusted for performance conditions met during the year	–	–	(41 100)	–	–	–	(41 100)
Shares cash settled during the year	–	(170 100)	–	–	–	–	(170 100)
Balance at 30 June 2020	–	–	142 100	184 500	71 600	1 500 000	1 898 200
Balance at 1 July 2018	193 200	170 100	183 200	–	–	1 500 000	2 046 500
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	–	1 500 000	2 037 800

	11 Nov 2015 Share award	8 Nov 2016 Share award	2 Nov 2017 Share award	6 Nov 2018 Share award	8 Nov 2019 Share award	Total
Retention shares and performance shares						
AH Coetzee						
Balance at 1 July 2019	–	36 300	41 300	79 100	–	156 700
Retention shares awarded during the year	–	–	–	–	8 065	8 065
Performance shares awarded during the year	–	–	–	–	24 215	24 215
Shares adjusted for performance conditions met during the year	–	–	(9 270)	–	–	(9 270)
Shares cash settled during the year	–	(36 300)	–	–	–	(36 300)
Balance at 30 June 2020	–	–	32 030	79 100	32 280	143 410
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

Also refer to the Remuneration Report for further details on key management remuneration.

47. Capital and other commitments, including guarantees provided

At year end, the group and company had the following commitments arising in the ordinary course of business:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Capital expenditure – Booysendal mine				
Authorised but not contracted	664 123	221 918	–	–
Contracted	337 448	1 038 082	–	–
	1 001 571	1 260 000	–	–
Capital expenditure – Zondereinde mine				
Authorised but not contracted	955 608	492 341	955 608	492 341
Contracted	161 854	102 659	161 854	102 659
	1 117 462	595 000	1 117 462	595 000
Capital expenditure – Eland mine				
Authorised but not contracted	295 719	309 836	–	–
Contracted	13 151	90 164	–	–
	308 870	400 000	–	–
Total capital commitments	2 427 903	2 255 000	1 117 462	595 000

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

Below is a summary of the bank guarantees issued as well as guarantees issued to the Department of Mineral Resources and Energy:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Bank guarantees				
Eskom Holdings SOC Limited	146 473	89 706	58 541	48 505
Other	398	398	398	398
	146 871	90 104	58 939	48 903
Other environmental guarantees				
Department of Mineral Resources and Energy (refer note 19)	410 838	401 418	142 350	142 350
	410 838	401 418	142 350	142 350

48. Lease commitments – as lessee

The group has entered into leases for the corporate office, accommodation, notarial agreement of lease of land relating to Booysendal Platinum Proprietary Limited and a number of low value information technology and office equipment leases.

The lease for the corporate office is for a period of five years, with the option to renew the lease for an additional five years. Leases relating to accommodation are generally between five and ten years, with options to renew for an additional five years.

The notarial agreement for lease of land relating to Booysendal Platinum Proprietary Limited is for life of mine and payable to the Bakoni Ba Phetla Communal Property Association.

The group also has certain leases of assets with low value, relating to leases for information technology and office equipment. The group has applied the lease of low-value assets recognition exemptions for these assets under IFRS 16.

The future minimum lease payments under non-cancellable leases are as follow, including options of renewal where management intends to renew the lease:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	R000	R000	R000	R000
Lease rentals for various premises as lessee				
Due within one year	13 078	17 655	3 207	2 967
Due within two to five years	27 593	42 516	15 628	1 014
More than five years	1 494	–	1 494	–
	42 165	60 171	20 329	3 981
Lease rentals relating to a notarial lease of land				
Due within one year	3 921	3 752	–	–
Due within two to five years	17 530	16 775	–	–
More than five years	94 746	99 422	–	–
	116 197	119 949	–	–

49. Employee Labour Court judgement

Northam Platinum Limited received judgement in 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, refer to note 37.

The employees seek reinstatement and have been granted leave to appeal to the Labour Appeal Court. Northam Platinum Limited opposed the appeal. The matter was heard in the Labour Appeal Court on 11 February 2020, and judgement is yet to be handed down. As a result, Northam Platinum Limited is unable to execute the instructions contained in the Labour Court judgement.

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

50. Insurance claim

At Zondereinde, a fire on the UG2 horizon of the 48 line between 8 and 9 levels was detected on 3 July 2019. An investigation into the cause of the fire was conducted with an inconclusive outcome.

The incident resulted in all underground production being suspended from the start of the fire, up until 16 July 2019. Independent confirmation that the fire had been extinguished was sought and following this, stoping and development sequentially resumed.

An insurance claim for a business interruption claim was finalised and an amount of R192.2 million was approved and paid by the insurance, which was recognised in sundry income (refer note 7). In addition, R111.7 million was reallocated to standing charges which relate to variable costs incurred during the standing time as well as an impairment of R2.1 million (refer note 11) relating to damaged property, plant and equipment, which was recognised in sundry expenditure (refer note 8). The R2.1 million is assessed as immaterial for IAS 36 disclosure purposes.

51. Contingent liability - SARS VAT claim

In 2015 Northam Platinum Limited concluded an R6.6 billion Broad Based Economic Empowerment (BEE) transaction which secured a sustainable 31.4% historically disadvantaged South African interest in Northam and at the same time secured funding for the group's expansion and growth plans. As part the transaction, Northam bought back ordinary Northam shares from existing shareholders, via a BEE special purpose vehicle (Zambezi Platinum (RF) Limited).

Northam claimed input VAT in relation to this BEE transaction.

The South African Revenue Services (SARS) disallowed this input VAT, alleging that the relevant costs were not incurred for the purpose of consumption, use or supply in the course of making taxable supplies. Additional assessments were raised by SARS to disallow the input VAT claimed by Northam and an understatement penalty was imposed in terms of section 223(1) of the Tax Administration Act (TAA).

The objection raised by Northam against the additional assessments and understatement penalties was disallowed, upon which Northam appealed to the Tax Court. The current status of the appeal is that SARS must issue its statement of grounds of assessment and opposing appeal (Rule 31 statement). Northam's attorneys anticipate that the matter will proceed to court towards the end of 2021, or early in 2022.

Northam has received legal advice that it is more likely than not that Northam's tax position will be upheld if the matter proceeds to court. There are, however, always uncertainties involved in the dispute process.

52. Contingent asset – COVID-19 Temporary Employee Relief Scheme (C-19 TERS)

Due to the COVID-19 pandemic affecting business, the government has introduced the COVID-19 Temporary Employee Relief Scheme (C-19 TERS) available to all businesses affected by the lockdown.

Northam Platinum Limited has submitted a first C-19 TERS claim to the value of R67.8 million, for which part payment has been received subsequent to year end. Once the first claim has been finalised, the second and third claim will be submitted.

53. Events after the reporting period

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

ANALYSIS OF SHAREHOLDERS

The analysis of shareholders as at 30 June 2020 was as follows:

Shareholding range	Number of shareholders	Total shareholding	Percentage holding (%)
	2020	2020	2020
1 – 5 000	5 569	3 464 376	0.68
5 001 – 10 000	287	2 088 339	0.41
10 001 – 50 000	603	14 794 741	2.90
50 001 – 100 000	197	13 756 943	2.70
100 001 – 1 000 000	292	83 163 484	16.31
1 000 001 and more	61	392 513 329	77.00
	7 009	509 781 212	100.00

Geographical analysis of shareholders	Total shareholding	Percentage holding (%)
	2020	2020
South Africa	391 397 310	76.78
Americas	50 028 062	9.81
Europe and United Kingdom	47 222 626	9.26
Far East	19 765 584	3.88
Africa (excluding South Africa)	1 065 798	0.21
Australasia	301 832	0.06
	509 781 212	100.00

Major shareholders	Number of shares	Percentage holding (%)
	2020	2020
Zambezi Platinum (RF) Limited	159 905 453	31.37
Public Investment Corporation SOC Limited	68 562 924	13.45
BlackRock Inc.	40 363 798	7.92
Fairtree Capital Proprietary Limited	27 476 857	5.39
Coronation Asset Management Proprietary Limited	23 210 011	4.55

Shareholder spread	Number of shareholders	Percentage holding (%)
	2020	2020
Public	7 003	67.45
Non-public		
Zambezi Platinum (RF) Limited	1	31.37
Directors	5	1.18
	7 009	100.00

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: NHM009
Bond ISIN: ZAG000158866
Bond code: NHM011
Bond ISIN: ZAG000159237
Bond code: NHM012
Bond ISIN: ZAG000160136
Bond code: NHM013
Bond ISIN: ZAG000162181
Bond code: NHM014
Bond ISIN: ZAG000163650
Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM017
Bond ISIN: ZAG000167891
Bond code: NHM018
Bond ISIN: ZAG000168097
Bond code: NHM019
Bond ISIN: ZAG000168105

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 Inc.
102 Rivonia Road
Sandton, 2196
Johannesburg
South Africa

Private Bag X14
Sandton, 2196
South Africa

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Private Bag X9000
Saxonwold, 2132
South Africa

Telephone +27 11 370 5000
Facsimile +27 11 688 5238

Sponsor and debt sponsor
One Capital Sponsor Services Proprietary Limited
17 Fricker Road
Illovo, 2196
Johannesburg
South Africa

PO Box 784573
Sandton, 2146
South Africa

Investor relations
LC van Schalkwyk
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

email: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